Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.50	Philippines	Peso40
Belgium	BFr60	Italy	L2200	Poland	Zl 15,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Esc175
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils 500	S.Arabia	SR8.00
Finland	FM8.50	Lebanon	L£1,000	Singapore	S$4.10
France	FFr8.00	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malta	45 cents	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft146	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L5000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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D 8523A

ARGENTINA
Passion fruit on the pampas
Page 20

World News

President of Italy flies to Albania for refugee talks

Italian president Francesco Cossiga *flew to Tirana for* the first visit to Albania by a western head of state since the Second World War, as Italy completed the return of thousands of refugees who crossed the Adriatic Sea last week.

During his five-hour visit, he held talks with president Ramiz Alia and prime minister Ylli Bufi about a new security agreement under which Italy *will help Albania* patrol its shores.

Rome is to allow several hundred army deserters among the refugees, who would be at risk if sent back to Albania, to apply for political asylum. Page 2

Yugoslavian vision
Serbian president Slobodan Milosevic says his vision for a new Yugoslavia does not include Slovenia, but takes in some Serb-inhabited regions of Croatia. Page 12

Oilfield fires put out
The last oil well fire in Kuwait's Maqwa field has been extinguished. Of 732 wells set alight in Kuwait by retreating Iraqi troops, 293 have been brought under control. Page 4

Brazilian cholera fears
There are fears in Brazil that cholera may soon affect food exports. A total of 36 cases has been reported, mostly near Brazil's border with Peru. Page 3

Soviet gloom
Soviet prime minister Valentin Pavlov warned of food shortages, electricity cuts and the "disintegration of the USSR" in the coming winter. Page 2

Prisoners to be freed
South Korea will free 1,032 prisoners, including five serving life, to mark Independence Day today.

Elections for Mali
Mali is to have a new constitution and general elections will be held within six months, a national conference of 1,311 delegates agreed. Mali's military leader, president Amadou Toure, who led a coup which overthrew Moussa Traore in March, is to step down.

Apology over seal hunt
Norway has apologised to Denmark for illegally hunting seals in Greenland waters after two state-subsidised vessels went outside the Norwegian economic zone. Denmark con*trols Greenland's foreign pol*icy, defence and natural resources.

Pope in Poland
Pope John Paul arrived at Krakow, in his native Poland, at *the start of an eight-day east* European tour.

Singapore elections
Singapore prime minister Goh Chok Tong is expected to announce general elections shortly. *His People's Action* party holds 80 of the 81 seats in parliament and can be expected to maintain its dominance, but the scale of the popular vote will be a crucial personal test for Goh. Page 4

Accidental deaths
*Thirty-five of the 148 US ser*vicemen killed in action in the Gulf war were victims of "friendly fire", the Defence Department said. the figure is far higher than previously acknowledged. Page 3

41 die in floods
Floods have killed 41 people in Chad and northern Cameroon after the heaviest rains for 30 years.

Cans' conquest
Pilsner of Czechoslovakia's hopes to increase beer sales to the west by introducing lager in cans – a method of packaging scorned by Czech drinkers. Page 5

Business Summary

De Beers' profits fall to $446m as shares hold

De Beers Consolidated Mines of South Africa and its overseas arm De Beers Centenary, which together *dominate the* world's rough (uncut) diamond business, reported that combined attributable profits in the six months to end-June *had fallen* by 14 per cent, from $517m to $446m.

This was roughly in line with expectations and De Beers' share price held steady to close in London down £1/16 at £16 11/16. Page 13

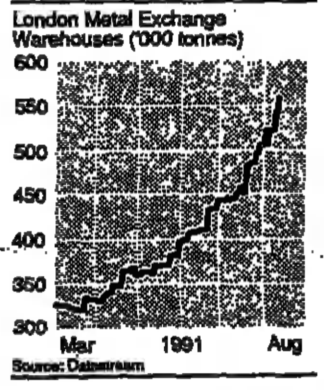
POLYGRAM, music company 80 per cent owned by Philips *of the Netherlands*, announced net income up 24.6 per cent to Fl 147m ($86.9m) *for the six* months to the end of June, despite the economic downturn in Britain and the US. Page 13; Lex, Page 12

GENERAL ACCIDENT, the UK's third biggest composite (life and general insurer), blamed the country's recession *for a sharp rise in pre-tax* losses. Page 13; Lex, Page 12

FOKKER, Dutch aircraft builder, said net profit was *virtually flat* in the first *half* of 1991 despite a 52 per cent increase in operating profit. The difference between the two figures is the result of the partial sale of a non-consolidated company in 1990 and the *rise* in *interest* charges in the first half. Page 14

ALUMINIUM PRICES held steady at the London Metal Exchange *despite a further* big rise in LME warehouse *stocks – by 14,925 tonnes* to a record 557,450 tonnes. Dealers *explained that a continuing* rise in stocks during the third quarter of the year had already been discounted. Market report, Page 20; Hungary to close aluminium plants, Page 20

Aluminium stocks



Source: Datastream

J.C. PENNEY: Sluggish economy and fierce competition was reflected in the second-quarter results of the fourth *biggest US retailer, which* turned in a 62.6 per cent drop in second-quarter net income on a 3.5 per cent decline in retail sales. Page 14

GLAXO, drug company, received limited UK approval for its migraine drug sumatriptan, seen as one of the main planks for the company's growth to the end of the cen*tury*. Page 14

JOHN BROWN Engineering: A deal between the US company and a steel construction *plant in Baku* has been hailed in the Soviet press as an indication that Soviet plants are capable, on occasion, of meeting world standards. Page 5

MARKS AND SPENCER, high street retail chain, is putting an up-market touch to its stores in Canada in the hope of *improving their perennially* dismal performance. Page 17

POWER PLANT: The Portuguese government has chosen *an international consortium* including Siemens of Germany and PowerGen of the UK to build and manage a gas-fired power plant at Tapada do Outeiro, near Oporto. Page 5

BEEF: The US has reopened its markets to Brazilian beef in recognition of substantial *improvements in the country's* testing laboratories. Page 20

Authorities act to halt run on bank

Japan hit by $2.5bn bank loan scandal

By Steven Butler in Tokyo

THE BANK of Japan moved quickly yesterday to contain the damage from the fourth and *biggest fraudulent loan* scandal to be uncovered in Japan in the past month.

The Toyo Shinkin bank, an Osaka credit co-operative, revealed that a branch manager had issued Y342bn *($2.5bn) in fake deposit certifi*cates, which were used as collateral to obtain loans from other financial institutions, including the Industrial Bank of Japan.

The Bank of Japan and the *Ministry of Finance both* issued formal statements of support which helped to avert a run on the bank.

A series of similar scandals involving Japanese banks in the past month has under*mined public confidence in the* financial system and has raised questions about the adequacy of bank management and the regulatory system.

The scale of the latest affair is also likely to put further pressure on *Mr Ryutaro Hashi*moto, the embattled finance minister, to resign.

He has already faced calls for his resignation stemming from scandals in which securities houses have compensated *favoured clients* for investment losses.

The financial community was stunned by the size of the loans involved at Toyo Shinkin, which were nearly as large as the deposits of the credit co-operative. The fake certificates were issued from *October last year* to April *this* year, and were discovered last week.

Hashimoto: more pressure

Evidence of a deceleration in the Japanese economy came yesterday from Japanese machinery orders which fell by 19 per cent in June compared with the previous month and by 9.3 per cent on the *same month last* year, according to seasonally adjusted figures released by the Economic Planning Agency. *Details, Page 12*

The Osaka prosecutor's office yesterday detained a former branch manager at the bank, Mr Asami Maekawa, and an Osaka restaurateur, Ms Nui *Onoue, on charges of forgery* and fraudulent use of the documents.

Ms Onoue is believed to have used the fund to purchase shares of large Japanese corporations, including the Dai-Ichi Kangyo Bank, the Fuji bank, and the Industrial Bank of Japan, whose *share prices* declined yesterday.

Announcement of details of the affair depressed the stock market, where the Nikkei aver*age fell by 113.67 to close at* 22,872.00.

The Bank of Japan and the Finance Ministry each said that the underlying business of *the Toyo Shinkin* was sound and that they stood ready to *support the bank in co-opera*tion with the Industrial Bank of Japan – the banker to Ms Onoue – the Sanwa bank – which serves as a clearing bank for *Toyo Shinkin* – and the National Federation of *Credit Co-Operatives*.

They said, however, that financial support for the Toyo Shinkin would not be necessary unless there was a run on the bank by depositors.

The Ministry of Finance also *instructed non-bank financial* institutions to check the authenticity of high-value certificates of deposits used as collateral for loans.

An IBJ spokesman said Ms Onoue is one of its clients and *that it lent an undisclosed* amount of money to her based in part on the false deposit certificates. "Although the bank is one of the victims in the fraudulent deals, we would like to take appropriate measures in *consultation with monetary* authorities to maintain order and avoid confusion," IBJ said in a statement. Banking industry sources said Ms Onoue had been borrowing massively from IBJ and financial institutions to buy various blue chip equities.

On the move: Javier Pérez de Cuéllar after talks in Geneva yesterday

Hopes for hostage swap rise as sides draw closer

By Victor Mallet in Tyre, southern Lebanon, and **Roger Matthews** in London

PROSPECTS for the release of hostages held in Lebanon and *Israel appeared to brighten* yesterday as Mr Javier Pérez de Cuéllar, the UN secretary-general, said in Geneva that the various parties were not too far apart.

Mr Pérez de Cuéllar is to *hold further talks today* with Mr Uri Lubrani, the Israeli negotiator. The latter had returned to Jerusalem for instructions from Mr Yitzhak Shamir, the Israeli prime minister, and other cabinet members.

Mr Shamir yesterday pledged in a letter to John Major, the UK prime minister, *that Israel would play a "con*structive role" in seeking to secure the release of all hostages in the region. Downing Street officials described Mr Shamir's letter, which came in reply to a message from Mr *Major, as "encouraging"*.

Israel had earlier announced that it was willing to free hundreds of Lebanese Shia Moslems in return for seven Israeli servicemen missing in Lebanon. The release of the Shias, many of whom are held in the zone of southern Lebanon controlled by Israel, was a key demand in the letter from Islamic Jihad delivered by Mr John McCarthy, the freed British journalist, to Mr Pérez de Cuéllar on Sunday.

Any agreement between Israel and the Lebanese groups is expected to trigger the *release of the remaining 10* western hostages.

Mr Pérez de Cuéllar said yesterday that the sides were no longer an ocean apart. The gap was more the size of a river, he

Continued on Page 12

Death of a moderate, Page 11

Interest rates threat to E German economy predicted

By David Goodhart in Bonn

THE ECONOMIC upswing in eastern Germany could be jeopardised if the Bundesbank raises interest rates tomorrow as expected, Mr Jürgen Möllemann, the German economics *minister, warned yesterday*.

Speaking to journalists in Erfurt, in eastern Germany, he said that the Bundesbank's central council should consider whether the upturn in east Germany would not be endangered by a *rise* in interest rates.

"Bundesbank president Helmut Schlesinger ... needs to keep in mind that an interest rate rise will seriously injure the fragile flower of the upturn in eastern Germany," Mr Möllemann said.

Such warnings are likely to have little, if any, impact on the Bundesbank's thinking. *The Economics Ministry has* little clout in German politics and tends to be a spokesman for the interests of the "real" economy, such as industry, in discussions on interest rates.

The Bundesbank has raised *expectations of a rise in inter*est rates to such a degree that not to act tomorrow could cause a serious weakening of the D-Mark.

Mr Karl Thomas, Bundesbank director, said last week that a discount rate rise was "long overdue".

The German business establishment is divided on the issue, with several senior bank*ers and the national associa*tion of chambers of commerce speaking out in favour of an increase in rates to try to force down inflation. This is now running at 4.4 per cent in July, which is relatively high by *German standards*.

The Association of German Banks argued yesterday against an increase in the Lombard and discount rates, saying that the Bundesbank had already given a clear anti-inflationary signal when it recently reduced its targets for the increase in money supply.

The recent weakness of the *dollar also made anything* more than a technical adjustment to rates unnecessary, the association said.

The period of eight years of steady growth in west Germany was ending, it said, but a *recession could be avoided if* the economic situation in the US and western Europe improved and the recovery in the east German economy began soon.

The association also argued that the 4.4 per cent inflation rate recorded in July did not accurately reflect the underlying rate because it included the recently raised consumption *taxes, part of the one-year* extra tax package to help pay for German unity.

"What has been caused by tax policy should not necessarily be repaired by interest rate policy," the association said.

It believes the recession in east Germany is close to bottoming out. However, yesterday's industrial production figures for April and May in east Germany suggested that this had not happened at the end of May.

● Germany's postal minister said yesterday that support from the opposition Social Democrats had increased the *chances for partial privatisa*tion of the state-owned postal and telecommunications authority, reports Reuter from Bonn. Mr Schwarz-Schilling said partial privatisation could be achieved before 1994. The *postal service could initially be* reorganised as a joint-stock company with the government holding a majority stake.

E German production, Page 2

Adidas owner restructures to pay off part of debts

By Alison Maitland in Paris and **Alice Rawsthorn** in London

MR BERNARD Tapie, the flamboyant French entrepreneur, yesterday announced a *restructuring of the ownership* of Adidas, the German sporting goods group.

The move enables Mr Tapie to pay off a large part of the debt he incurred in buying the company last summer.

Pentland, *the UK consumer* products company, is paying DM134.5m ($78.6m) for 20.05 per cent of BTF, the German holding company through which Mr Tapie controlled 95 per cent of Adidas, one of the most *famous names in the* international sporting goods best known for its football boots and running shoes.

Mr Tapie has also sold another 25 per cent of BTF to other investors. This, combined with the Pentland sale, leaves his own interests with 55 per cent of the equity.

Three French financial institutions – Crédit Lyonnais, the state-controlled bank which has been one of Mr Tapie's *main backers*; AGF, the publicly-owned insurance company; and Banque Worms, a subsidiary of UAP, the main French state-owned insurer – have *together taken a 19.95 per cent* stake.

The Adidas management team, led by Mr René Jäggi, has bought the remaining 5 per cent. Pentland and the Adidas management each have an *option to buy a further 5 per* cent stake from the institutional investors.

Pentland, which recently raised more than £200m ($342m) by selling part of *its* investment in Reebok, has been expanding its sports and leisure interests.

It completed a series of deals to buy the worldwide rights to Speedo swimwear and last month acquired Pony *Interna*tional sports shoes from Adidas.

The UK group holds priority pre-emptive rights over the remainder of Mr Tapie's *stake* in BTF. Mr Frank Farrant, *managing director group* finance, said Pentland may consider increasing its holding in the future.

Adidas' fortunes have faded in recent years as *it has* lost ground to the aggressive US sportswear *companies* such as Nike and Reebok.

Under Mr Jäggi's management, Adidas has returned to profit by cutting costs and moving production to sub-contractors in Asia. It made pre-tax profits of DM57.1m on sales of DM3.3bn last year, against a loss of DM63m in 1989.

The restructuring will allow Mr Tapie, who is parliamentary *deputy for Marseilles in* addition to his business interests, to repay FFr1.27bn ($210m) of the money borrowed from an international group of financial institutions to fund the estimated FFr2bn purchase *of Adidas last year*.

Some bankers had expressed doubts about Mr Tapie's ability to finance the deal. However he insisted in June that he would honour the August deadline for his first repay*ment of FFr600m*, which, with interest, had risen to FFr967m.

Lex, Page 12

CONTENTS

Lessons to be drawn from the assassination of a moderate

The assassination of Shahpour Bakhtiar, who gave Iran its only recent experience of *real freedom of* expression, is a *reminder that* Middle East governments *should be judged by* their deeds, and not their intentions
Page 11

MARKETS

STERLING
New York lunchtime:
$1.691
London:
$1.693 (1.698)
DM2.93 (2.93)
FFr9.975 (9.9625)
SFr2.565 (2.565)
Y231.0 (231.75)
£ index 90.8 (same)

GOLD
New York: Comex Dec
$362.2 (363.6)
London:
$356.75 (358.35)

N SEA OIL (Argus)
Brent Sep
$19.475 (19.625)

Chief price changes yesterday: Page 13

DOLLAR
New York lunchtime:
DM1.7325
FFr5.8945
SFr1.5145
Y136.4
London:
DM1.7305 (1.725)
FFr5.8925 (5.8675)
SFr1.5145 (1.51)
Y136.5 (same)
$ index 66.3 (same)
Tokyo close: Y136.4

US LUNCHTIME RATES
Fed Funds: $5\frac{5}{8}$
3-mo Treasury Bills: 5.43
Long Bond: $99\frac{3}{8}$
yield: 8.176

STOCK INDICES
FT-SE 100:
2,584.9 (+15.5)
FT Ordinary:
2,022.3 (+14.8)
FT-A All-Share:
1,235.68 (+0.6%)
New York lunchtime:
DJ Ind. Av.
3,025.94 (+24.6)
S&P Comp
391.43 (+3.41)
Tokyo: Nikkei
22,872.0 (−113.67)

LONDON MONEY
3-month interbank:
$10\frac{19}{32}$ ($10\frac{21}{32}$)
Life long gilt future:
Sep $93\frac{7}{32}$ ($92\frac{29}{32}$)

EUROPEAN NEWS

Pavlov accuses republics of 'sabotage'

By John Lloyd in Moscow

THE Soviet prime minister, Mr Valentin Pavlov, yesterday accused the Soviet republics, especially Russia, of sabotaging proposals to tighten monetary discipline.

He was speaking only days before the Union Treaty on the future shape of the Soviet Union is due to be signed.

In a gloomy, 75-minute monologue at a meeting on Monday between the cabinet and republican leaders, Mr Pavlov warned of food shortages, electricity cuts and the "disintegration of the USSR" in the coming winter. He also announced the creation of a new agricultural supply organisation, Agrosnab, which would seek to barter goods for grain in order to persuade farms, now hoarding the harvest, to forward it to the state.

Mr Pavlov denied the power of the central authorities would sharply diminish after the signing of the treaty, claiming instead that the republics were unable to exercise effective power themselves.

"You cannot have real power over an economy just by making declarations. Before you can speak of one sort of power or another, you need to create a mechanism to allow for its use. So far I see no such mechanism in the Russian Federation," the premier said.

He added that Mr Vladimir Shcherbakov, the Soviet first deputy prime minister, had proposed a wage and prices freeze in an effort to control the galloping increase in wages. However, the republican leaders, led by Russia, had rejected the idea.

Mr Boris Yeltsin, the Russian president, has said that most of the enterprises and resources at present controlled by the centre – including oil and gas – will be transferred to the republics signing the Union Treaty before August 20. However, Mr Pavlov did not refer to any such transfer, and spoke as if oil and gas – and even coal, which is now supposed to be under republican jurisdiction – were still under union authority.

He said the miners of the Kuzbass coalfield, the Soviet Union's richest, had received wage increases following their strike earlier this year which put their wages four or five times higher than those earned by miners elsewhere. However, the promised productivity improvements had not materialised.

The premier ruled out any economic reform for the rest of the year, saying that the need to stabilise the economy took precedence over all other priorities.

The Soviet prime minister dodged a question on the raising of fuel prices – although Mr Yeltsin said last week that it might have to go up from the present Rbs70 a tonne to Rbs250 (£83). He said that any oil price rise would have inflationary consequences on the rest of the economy.

UK earmarks cash for foreign investment project

By Judy Dempsey

THE British government announced yesterday it was allocating £450,000 immediately to help provide advice to the Soviet Union about setting up a bank specifically designed to attract foreign investment.

The financial assistance, which is part of the "know-how fund" established to help the Soviet Union develop a market-oriented economy, is the first project to be approved since the fund was increased to £50m after President Mikhail Gorbachev's visit to London last month.

A spokesman for the Foreign Office in London yesterday said the fund would finance a feasibility study for a new Soviet "project finance and export development bank".

The request for such financial assistance had been made by Mr Victor Gereschenko, chairman of the Soviet Union's central bank.

The study, which will be undertaken by, among others, Arthur Andersen, the London-based accountants, and merchant bankers Morgan Grenfell, will produce a business plan for the bank.

It begins this week, and is expected to last 16 weeks. It will also spell out what further technical assistance and training is required before the bank is launched.

Yesterday's announcement also follows a recent visit by Mr Norman Lamont, the UK chancellor of the exchequer, to Moscow and Kiev, as part of the commitment made in London last month by the leaders of the seven leading industrial democracies to helping the Soviet Union.

The know-how fund's original allocation to the Soviet Union amounted to £20m, spread over two years. The additional £30m will be spread over three years.

Haughey attacked over slower growth

By Kieran Cooke in Dublin

OPPOSITION politicians in Ireland have strongly criticised the government of Mr Charles Haughey, the Irish prime minister, for being overly optimistic about the state of the country's economy.

The Department of Finance, in its annual review of the economy, has warned that growth will be only 1¼ per cent this year, compared with a budget forecast in January of 2¼ per cent growth. Mr John Bruton, leader of the main opposition Fine Gael party, said that the new forecast showed that the January budget had been "reckless and incompetent". Mr Bruton said figures used by Mr Albert Reynolds, finance minister, in his budget "had been made to look artificially good."

Mr Pat Rabbitte, of the Worker's party, said that the Department of Finance review was "the final nail" in what Mr Haughey had been until recently describing as the economic miracle achieved by his government. The review forecasts that unemployment is likely to rise this year to 250,000 – more than 20 per cent of the work force.

The government has already announced I£100m (£91.7m) of spending cuts to cope with an overrun in budget spending and more austerity measures are likely. "Experience has demonstrated that a small and open trading nation like Ireland must outperform its competitors if it is to grow and catch up with more developed economies," says the review.

Soviet Central Asians begin to flex political muscle

Gillian Tett on the arduous road towards a new Islamic unity in the heart of dying communism

AS THE debate about the Union Treaty drags on in the Soviet Union, leaders of the five Central Asian republics are meeting today in hot, dusty Tashkent, capital of Uzbekistan, to discuss a different form of unity – that of Soviet Central Asian economic and political co-operation.

Although the meeting's agenda remains uncertain, there is speculation that these republics, known for their highly-conservative communist leadership and relative loyalty to Moscow, might be planning a united political and economic front against the Soviet centre.

If so, the concept is not new. For in recent months one of the most controversial issues to have been adopted by some Central Asian nationalists is a demand that if – or when – the Central Asian republics of Uzbekistan, Tajikistan, Kazakhstan, Turkmenistan and Kirghizia ever break free from Moscow, they should unite into a single Central Asian state, to be known as Turkestan.

"Since Central Asians share the same faith and speak virtually the same language, it's natural we should unite," claimed Mr Wakhran Gayidskov, a leader of the recently-formed Turkestan Party, as he sat in the party's headquarters in Tashkent. It is in fact in Uzbekistan that the "Turkestan" concept has gained most popularity.

Beside him, a heavily-annotated map of Central Asia illustrated the main points of his argument; the Soviet Union's 50m Central Asians are not only overwhelmingly Sunni Moslem, but the majority also speak closely-related Turkic languages.

"We look on the divisions (between the region's republics) as a 'divide and rule' policy, designed to stop the Moslems uniting against Moscow," said Mr Gayidskov.

Like many other members of his party, Mr Gayidskov is also demanding that the Central Asian languages, currently written in the Russian Cyrillic script, should be written in Latin script instead, to facilitate cultural and political links with Turkey, which also uses the Latin script.

The Communist Party leaders have avoided any overt discussion of Turkestan, not least because the Soviet centre has previously reacted strongly against any hint of Pan-Turkic or Pan-Islamic sentiments.

But the concept has provoked increasing controversy among the Central Asian anti-

communist opposition movements, now struggling to provide an alternative to Communist rule.

The opposition parties are themselves split. On one side are the Democratic Parties, now operating in all the Central Asian republics. Their support is primarily among Central Asian intellectuals; they claim 10,000 members.

Their political programmes are essentially secular, closely modelled on the Russian Democratic Party.

Their potential rivals are the recently established all-Soviet Islamic party - or "Party of Islamic Revival", as it is known.

This organisation has been repeatedly banned in most of the Central Asian republics for what the Communist Party terms its "extremist" politics.

It claims at least 35,000 members in Central Asia, primarily in rural areas, organised in underground networks that seem highly efficient.

The Islamic Party, like the Turkestan Party, stresses pan-Islamic unity, both with other Moslem countries – it recently sent delegations to Iran and Algeria – and also within the Soviet Union.

"As Moslems, we're committed to building a united Islamic state," commented a leader of the Tajik branch of the Islamic Party.

However, many within the Democratic Parties are strongly opposed to the Turkestan movement.

Although the Democratic Parties are keen to stress their co-operation against the Communists, and in June founded an united Central Asian front as a focus for this, many fear that the spread of pan-Islamic politics threatens the future of democracy in the region, and that the spread of pan-Turkism could fuel ethnic tension.

The 4m Tajiks, for example, claim that an alliance of the Central Asian Turkic speakers would have little to offer the Persian-speaking Tajiks.

Even among the 3m Turkic-speaking Kirghiz, there are fears that the 20m Uzbeks, the most numerous of the Central Asian nationalities, would politically and economically dominate any future Turkestan.

"Talking about Turkestan will just create more ethnic problems," is the view of Mr Kazat Akhmatov, leader of the Kirghiz Democratic movement.

In June and July 1990, ethnic violence erupted in the Kirghiz city of Osh, which was originally sparked by a land dispute between Uzbek and Kirghiz communities, leaving more than 300 dead – the highest death toll to date from ethnic violence in the Soviet Union.

A year after these events, the Ferghana Valley area around Osh remains tense, plagued, like many other areas of Soviet Central Asia by land shortages, widespread poverty and rising unemployment, all of which is provoking sporadic violence between the valley's Tajik, Uzbek, Russian and Kirghiz populations.

Faced with dire economic problems, Central Asian nationalists and communist leaders alike are increasingly aware that full independence may not be an economically viable goal for the Central Asian republics, particularly for the smaller and more impoverished republics such as Tajikistan and Kirghizia.

But how far the Central Asian republics can swallow their mutual ethnic antagonisms, to work towards some form of economic or political co-operation, is an open question.

Yugoslavia leaders try to prop up ceasefire

YUGOSLAVIA'S leaders met yesterday in an attempt to preserve a ceasefire that has held shakily for a week, bringing a tense calm to the breakaway republic of Croatia, AP reports from Belgrade.

Croatia's President Franjo Tudjman met members of the state ceasefire commission in the Croatian capital of Zagreb. Yugoslavia's collective presidency was to meet in Belgrade later yesterday.

Both meetings were to discuss the truce that took effect in Croatia last Wednesday following bitter fighting that claimed more than 200 lives.

Armed rebel Serbs, Croatian security forces and the federal army which Croatia says backs the Serbs have observed a tenuous ceasefire.

The presidency commission overseeing the ceasefire said there had been no major clashes.

But it noted the truce was not holding in strategic areas of central Croatia linking ethnic Serb strongholds in the west and east of the republic. It made no mention of the situation in the battle-scarred area of Slavonia in eastern Croatia.

The Zagreb meeting was called to air objections raised by Croatia to some people designated as truce monitors, commission member Irfan Ajanovic said.

The presidency designated federal police, together with police from Montenegro, Bosnia-Hercegovina and Slovenia as truce monitors.

Slovenia said last week it would not take part, and the composition of the monitoring groups has not been revealed.

Slovenia, which declared independence in tandem with Croatia on June 25, has refused to entertain pleas from federal Premier Ante Markovic to start remitting customs and other payments to central government coffers.

The Moslem president of the central state of Bosnia-Hercegovina, Mr Alija Izetbegovic, meanwhile reacted angrily to Serbia's latest moves to try to create a smaller Yugoslav state it would dominate.

Bosnia has a volatile ethnic mix of just over 40 per cent Moslem, about 30 per cent Serb and around 18 per cent Croat.

On Monday, Serbia's President Slobodan Milosevic met leaders from Montenegro, and the head of Bosnia's parliament, proposing a constitution for a new, smaller Yugoslavia consisting of those three states. The sixth republic, Macedonia, holds an independence referendum next month.

Europe's refugees still put faith in promised land

Although their dreams inevitably turn sour, asylum-seekers still flock to Germany, writes Leslie Collit

THE young family of Romanian gypsies is crammed into a temporary home at a centre for asylum-seekers in Eisenhüttenstadt, a grim east German steel town across the Oder River from Poland.

They have just arrived after a journey that began in Romania, took them through Poland and into the promised land – Germany.

Mihai is 34. He smiles as he tells, in several languages, how his family – a wife and six small children – were smuggled into "Germania" last week.

He is one of nearly 1,000 refugees – Romanian gypsies, Kurds from Turkey and Bulgarian Moslems – at the central reception centre for asylum-seekers in Eisenhüttenstadt. Centres in other parts of Germany are also overflowing with refugees, mainly from eastern Europe.

Mihai and his family are housed, along with the other refugees, in a gymnasium and in prefabricated buildings that are little more than metal containers.

The centre is spartan but it provides meals, medical treatment and fresh clothing. For the refugees it is, above all, a stepping-stone to what they hope will be permanent acceptance by Germany.

The German government fears they are merely an advance party for hundreds of thousands – perhaps millions – of economic refugees from eastern Europe and the Third World. Germany is one of the few western entry points still open to asylum-seekers, but the Bonn government is considering legislation to limit asylum rights because of the rising numbers entering the country. More than 112,000 people have sought asylum in Germany this year.

Mihai says he paid 75,000 lei (£726), the equivalent of two years' wages, to a Turkish businessman in Romania who organised the smuggling of his family to eastern Germany.

Along with a planeload of gypsies, Mihai and his family flew to Poland which, like Czechoslovakia, does not require visas from other east Europeans. At Warsaw airport they were met by a Turk who took them to a waiting bus. Hours later they arrived at a field near the Neisse River, which forms part of the border with Germany.

Hundreds of gypsies as well as Kurds and Bulgarian Moslems were encamped here and at other sites along the river. They were told not to worry about Polish border policemen. "The Polish militia [border officials] were bribed by the Turks," Mihai says.

The gypsies were told to wade across the river by night. If they were discovered by German border policemen they were to repeatedly yell the word *asyl* (asylum). They would then be brought to the reception centre at Eisenhüttenstadt.

"We barely got our feet wet and asked our way to the German border police. I said 'asyl' and they didn't ask any more questions," Mihai says. He and his family were given bus tickets to the Eisenhüttenstadt reception centre.

Mihai was lucky. Many of the other refugees are not told of the magic word *asyl* and are caught and sent back to Poland.

Last month the German government dispatched 200 additional border policemen and helicopters to patrol the rivers, forests and mountains which form the long German frontier with Poland and Czechoslovakia. But neither neighbour can afford to deport all the refugees, who make their second and usually successful attempt to gain a foothold in Germany within a few days.

Refugees at the Eisenhüttenstadt centre generally stay for about a month before being sent on to hostels elsewhere in the state of Brandenburg.

Mr Eberhard Horn, head of the centre, and his 65 employees do their best with limited resources but complain of growing antagonism toward the gypsies from east Germans living nearby. Rising unemployment in the area could worsen the situation.

Officials in Berlin say no more than 10 per cent of the east European refugees are likely to be given political asylum. But until now even those rejected were rarely deported.

After years of depending on social welfare, however, their dreams of achieving prosperity in Germany invariably turn sour as they struggle to find work, a home and a new life.

Living on hope: an Albaninan family arrives in Hamburg, determined to start a new life despite hardships

Production base vital, Siemens chief claims

By David Goodhart in Bonn

MR Karlheinz Kaske, chairman of the German electrical and electronic group Siemens, published yesterday a forceful attack on the view that service industries will suffice for a sophisticated modern economy.

He said that such an attitude was "a dangerous mistake", adding that without a competitive production base the advantages of technological innovation could be wasted.

"We are not on the way from a production to a services society. What is in fact happening is that we are moving from one kind of industrial society to another, but production remains the only guarantee of wealth," he wrote in the Siemens house newspaper.

Statistically, the weight of the services sector continues to grow against that of manufacturing. But these figures should not be misinterpreted; the success of a large concern like Siemens depends increasingly on a high-value product mix of goods and services.

Mr Kaske belongs to the older generation of Siemens managers who are invariably engineers by training. He is to be replaced at the end of next year by Mr Heinrich von Pierer, a lawyer by training who currently runs KWU, the Siemens energy subsidiary.

Spanish prices rise sharply

By Peter Bruce in Madrid

SPANISH consumer prices rose a sharp 1.2 per cent in July, dealing possibly a fatal blow to government hopes of being able to draw inflation down to 5 per cent for the year.

The rise puts 12-month inflation at 6 per cent, down from 6.2 per cent in June. The CPI rise in July 1990 was an even sharper 1.4 per cent.

Mr Narcis Serra, deputy prime minister, said in Seville the cabinet would probably adopt new anti-inflationary measures in the autumn.

July's steep increase was mainly because of rising food prices. Unprocessed foods rose 6.5 per cent in the month. Fresh fruit prices climbed 22.4 per cent.

Mr Serra's announcement was unusual as statements on economic policy are usually the preserve of Mr Carlos Solchaga, finance minister.

E German industrial production sluggish

THE latest, rather erratic, figures for industrial production in east Germany suggest the economic crash had still not bottomed out at the end of May, despite an encouraging 7 per cent increase in production in March, writes David Goodhart in Bonn.

Following the rise in March, industrial production slumped 11 per cent in April, according to figures released yesterday by the Federal Statistics Office. In May there was a 5.5 per cent increase against April but industrial production still lagged 6.5 per cent behind the March level.

A sharp fall in production in the chemical sector, of 31 per cent in April and May, after a 22 per cent increase in March, seems to be the main culprit.

Optimists were pointing to the steady rise in activity in the quarrying and stone industries, indicating the building boom is now under way. Many in the industry now report a more positive mood in the east.

Production in May was about 39 per cent below the level recorded from July to September last year, the first three months of currency union. The investment goods industry has suffered disproportionately, with production in May less than half what it had been just after currency union.

● West German companies are winning the lion's share of orders from the Bundespost for work in east Germany.

Of the DM7.25bn (£2.47bn) that will be spent this year building up the communications infrastructure, only about DM800m will go to east German companies. This was mainly because these companies lacked the technical capacity and experience to fulfill the Bundespost's needs, the organisation said yesterday.

Foreigners move in as Belgians quit capital

By Andrew Hill in Brussels

According to the latest population figures, what was a seasonal migration is beginning to look like an annual emigration

THERE aren't many Belgians in Brussels in August. With most of their best restaurants closed for the summer holidays, many of the capital's 700,000 Belgian residents are happy to abandon the city to tourists.

But apparently there are no longer as many Belgians living in Brussels the rest of the year either. According to population figures just published by the Belgian statistical institute, what was a seasonal migration is beginning to look like an annual emigration.

The latest statistics reveal that in 1989 some 57,000 Belgians left Brussels, and only 49,000 set up home in the capital. Much of the slack is being taken up by foreigners.

Seemingly undeterred by the Kafkaesque bureacracy involved in applying for residence in one of the city's 19 communes or boroughs, nearly 30,000 foreigners moved to Brussels in 1989, outnumbering those who left by 7,500.

Some 28 per cent of Brussels residents are now non-Belgian, and the national statistics show that the proportion of outsiders living across the country is also increasing.

What is more, the foreigners are younger than the natives and they are procreating faster than they are dying. Only 7 per cent of non-Belgians are pensioners, compared with 15 per cent of resident Belgians, and the number of births in the expatriate community outstrips deaths by almost three to one.

In spite of Brussels' claim to be the capital of Europe – and the presence of thousands of "Euro-parasites" as Flemish extremists call them – expatriates from European countries are outnumbered by non-Europeans in the Brussels region.

The single largest expatriate group living in Brussels is not French or Italian, but Moroccan. Together with the Tunisians and Algerians, they make up over 30 per cent of the non-Belgian population.

But although there are already proportionally more expatriates living in Brussels than in New York City (21 per cent of its population was foreign-born according to the 1980 US census) it will take a lot more migration before Belgium's capital becomes a true melting pot of nationalities.

For one thing, EC expatriates tend to be short-term residents and hunt in national packs.

For another, despite a reputation for racial tolerance, there is still tension between Brussels' dominant immigrant communities and the locals, as riots in poorer quarters of the city earlier this year revealed.

In any case, there has never been much melting of population in Brussels, partly because of its schizophrenic character – teetering on the divide between Flemish Flanders and French-speaking Wallonia.

Anecdotes abound about police from Flemish communes refusing to make arrests in neighbouring Walloon boroughs, and vice versa. If the native population finds it difficult to blend, the argument goes, what chance is there that non-Belgians will be able to integrate?

Italy steps up emergency food airlift to Albania

ITALY stepped up an emergency airlift of food to Albania yesterday as President Francesco Cossiga arrived in the impoverished Balkan state to discuss last week's exodus of Albanian asylum-seekers, Reuter reports from Rome.

Mr Cossiga, the first Italian leader to go to Albania since Italy's army of occupation withdrew in 1943, told Albanian officials he felt he had to visit Tirana after 17,000 refugees escaped to Italy in a fleet of commandeered ships last Thursday.

Most were forcibly repatriated but a few hundred remain barricaded in a football stadium in the southern port of Bari and are refusing to return home.

Mr Cossiga's hastily-arranged visit follows a mission to Tirana by Mr Gianni De Michelis, Italian foreign minister, on Monday during which he promised that Italy would feed Albania for three months.

● European trade unions yesterday criticised Italy's treatment of Albanian refugees and called on the European Community to step up aid to Tirana to help staunch the flow, Reuter reports from Brussels

The European Trade Union Confederation (ETUC) said Italy had failed to live up to its moral and material responsibilities for refugees living in squalor as they await deportation in Bari.

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AMERICAN NEWS

Pointer to US economic recovery

Higher retail sales reinforce signs of growth

By Michael Prowse in Washington

THE Commerce Department yesterday reported a larger than expected rise in US retail sales in July, a reassuring sign of economic growth after a string of disappointing statistics.

After seasonal adjustment, retail sales rose 0.5 per cent to register their third consecutive monthly increase. Sales were 2 per cent higher than in July last year and 1.3 per cent higher in the most recent three months compared with the previous quarter.

Past figures were revised upwards substantially. The department said retail sales rose 1.2 per cent and 0.1 per cent in May and June respectively. Initial estimates showed a rise of only 0.8 per cent in May and a fall of 0.2 per cent in June. The figures are not adjusted for inflation.

Last month's improvement was led by a 1.3 per cent increase in sales of motor vehicles. But other sectors were also relatively buoyant. Sales of home furnishings and equipment rose 1.9 per cent; department store sales were up 3.2 per cent, making good a dip in June; and retail sales excluding cars were up 0.3 per cent.

The stronger tone is significant because a durable economic recovery is regarded as possible only if the rise in consumer spending in the second quarter is sustained. Weak employment figures and disturbingly low personal savings had raised doubts about the resilience of US consumers.

The figures are consistent with the White House forecast of a steady but sluggish economic recovery. But many analysts still fear a "double dip" recession with output falling again later this year.

The Federal Reserve, the US central bank, last week responded to signs of economic weakness by cutting interest rates for the first time since April. Further moves are highly unlikely before the next meeting of the policy-making Federal Open Market Committee on August 30.

Manhattan braces for thousands of job losses

Further contraction in the banking industry does not bode well for New York, writes Karen Zagor

THE US may have seen off the worst of the recession, but the anticipated turnaround is of cold comfort to Manhattan's residents, who are bracing themselves to absorb thousands of private-sector job losses this year.

The latest blow was struck by Chemical Bank and Manufacturers Hanover, which will slash about 5,900 New York city jobs when they consummate their marriage later this year.

To make matters worse, many economists believe Chemical's job-loss estimates are conservative, and that 10,000 is a more accurate projection.

It is now accepted wisdom that the big US banks must consolidate to thrive, but further contraction in the banking industry does not bode well for New York, which is home to a disproportionate number of America's banks.

In the first three months of this year alone, the city lost about 10,000 commercial banking jobs – almost as many as throughout 1990.

The Chemical job losses come at a time when the city, already wrestling to balance its 1992 budget, is laying off thousands of workers and making deep cuts in services to cope with the shortfall in tax revenues.

Some economists say that the private-sector employment outlook for New York is so bleak that it may precipitate a crisis on a par with 1970s, when the city came close to bankruptcy.

The commercial banking sector, which employed 108,300 in New York at the end of 1990, has become particularly important to the city's economy, partly because of its size and partly because of its high wages. Even clerical positions in banks pay relatively well.

Mr Emanuel Tobier, an economist at New York University, expects the Chemical merger to have a considerable impact on New York's economy.

Not only will the city have to cope with the direct loss of tax revenues from those bank employees who do not find equally high-paying jobs, but the pain will also be felt in sectors supported by bank employees, such as housing and restaurants.

According to a model developed by Mr Matthew Drennan, an economics professor at New York University, for every commercial banking job lost in the city, another 1.4 local employees will lose jobs. Thus the 5,900 Chemical redundancies will translate into a total of 14,160 for the city as a whole.

In terms of lost tax revenues, Mr Stephen Kagann, chief economist at the Comptroller's budget office, estimates that each private-sector job cut will indirectly cost the city $6,800 (£3,976) in lost taxes when the secondary impact on real estate and other areas is considered.

Fiscal crisis is not new to New York. Between 1969 and 1977, employment in New York's private sector fell 17.6 per cent while the nation's private payrolls grew 15.7 per cent, according to city economists.

The city weathered the 1982 recession well, largely because of the deregulation of the financial services industry which sparked rapid growth of securities houses and the New York exchanges. The expansion helped shift New York's economic base from manufacturing to business services. But the 1987 crash on Wall Street interrupted New York's recovery.

In the wake of the October 1987 crash, the securities industry started cutting jobs, and private employment growth in the city ground to a halt. In 1990, the private sector in New York shed 51,000 jobs, its biggest annual loss since 1975.

There is no consensus on the damage likely to be done by the latest wave of private sector job cuts.

According to Mr Drennan, the crisis in the 1970s was triggered by the change in the city's economic base. In the current recession, the city's base has remained intact.

"At the start of the 1970s, the city's old specialities of manufacturing, port-related activities and trucking, were still big, and there was a national trend towards moving these activities away from cities, and employment in these areas fell precipitously," Mr Drennan said.

"At same time, there was a big run-up in energy prices. In addition, the Penn Central Railroad freight company collapsed."

One of the major differences between the 1990s and the 1970s is that the city is not losing its economic base. "New York is still seen as a major financial centre and it will continue to have an office-based economy," Mr Drennan added.

Although financial services had been badly hit, the securities industry had a very strong first half, and foreign banks are continuing to move into New York.

Others are less sanguine. "In the 1970s, we lost a large number of marginal manufacturing jobs. Over the last one-and-a half years, most of the job losses have been high-paying," one city economist said.

"We may be losing fewer jobs in terms of numbers, but the impact on the economy is as great. Small gains from foreign banks moving into the city will not offset the bigger losses from Chemical Bank and Citicorp."

In addition, Chemical's plans to vacate its Park Avenue headquarters and to close 70 branch offices in the city will put more prime real estate on New York's already strained commercial real estate market.

Vacant office space is already running at 18 per cent in the city, because of the exodus of big firms such as Merrill Lynch, which have left behind headquarters in the city but moved most of their operating staff.

The securities and financial services industries, which occupied 2.04m square feet in midtown Manhattan in 1987, occupied only 356,000 sq ft in 1990. Banks leased only 969,000 sq ft in 1990, compared with 1.4 sq ft in 1989.

Mr John McGillicuddy, chairman and chief executive of the new Chemical Bank, expects the merger to produce "a much stronger entity that can serve our customers with distinction and compete effectively with any financial institution in the world. That's good for New York and good for the US."

When the dust settles, New York may well gain if its financial institutions are leaner and stronger. But in the short term, "the city will have to bear the losses," Mr Tobier declares.

NYC total private sector employment

Source: City of New York, Comptroller's budget office

Brazil fears effects of cholera on exports

By Victoria Griffith in São Paulo

BRAZIL'S private sector fears that the spread of cholera may soon affect the country's food exports.

São Paulo, Brazil's main industrial city, has acknowledged its first case. Another 35 cases have been reported, mostly in the Amazonian region, near Brazil's border with Peru, where the outbreak on the continent began.

The arrival of cholera in São Paulo has unnerved local health officials, although it is thought unlikely that the victim, an Ecuadorean returning from a visit to his home country, contaminated others.

The National Confederation of Industry said it would soon launch a programme in conjunction with the federal health ministry to combat the disease. The conferation will distribute water purifying tablets to areas considered most at risk. "It's in our interest to keep the disease under control," said the confederation.

Fear of cholera has already affected sales of fruits and vegetables in Brazil's cities.

So far, Brazil has not reported any deaths from cholera. According to the ministry of health, information and clean-up campaigns have helped control the disease. The government will spend $50m (£29.2m) this year to fight its spread.

The government has sponsored television advertisements describing the disease's symptoms and urging victims to seek help as quickly as possible.

Venezuelan strike over petrol prices

THOUSANDS of Venezuelan transport workers launched an indefinite strike this week to protest at rises in petrol prices decreed by the government, Reuter reports from Caracas.

A senior official at the confederation of transport workers' unions said public transport had come to a standstill in many cities.

The confederation said about 300,000 workers affiliated with it had joined the strike, which started on Monday. However, in Caracas, the capital, transport services continued normally after 35,000 subway conductors and public bus drivers voted not to strike.

Hundreds were killed in riots in February 1989 after President Carlos Andrés Pérez's newly installed government ordered a sharp rise in the petrol price. The latest rise was announced this month.

'Friendly fire' toll revised upwards

THIRTY-FIVE of the 148 US servicemen killed in action in the Gulf war were victims of "friendly fire", the Defence Department said yesterday, AP reports from Washington. In addition 72 servicemen were wounded in accidental fire from their own side.

The casualties are far higher than previously acknowledged by military officials. Last month, the Central Command issued a preliminary count of 11 US soldiers killed and 15 wounded from friendly fire during the 43-day conflict.

US forces also were held responsible for killing nine British troops and wounding 13 of their fellows, the officials said at the time.

A senior US officer who spoke on condition his name or service not be used, said most of the casualties came at night and at long range.

Tough regulator, blunt speaker

George Graham profiles President Bush's choice as next chairman of the FDIC

MR William Taylor, President George Bush's choice to be the new chairman of the Federal Deposit Insurance Corporation (FDIC), which insures bank deposits, will bring to the job three decades of experience as a bank supervisor with the US Federal Reserve system.

He is also no stranger to the Resolution Trust Corporation, the agency set up to supervise the rescue of bankrupt savings and loan organisations, having served as president of its oversight board, responsible for setting its policy.

His predecessor as FDIC chairman, Mr William Seidman, won enthusiastic support in Congress as an independently minded regulator who did not hesitate to speak his mind – often to the annoyance of the Bush administration.

Mr Taylor may lack his predecessor's congressional clout, but, if his nomination is confirmed by the Senate, he is generally expected to show just as independent a mind, and to equal Mr Seidman in blunt speaking.

Mr Taylor, 52, first joined the Fed in Chicago in 1961, serving seven years as a bank examiner before leaving for a spell in the private sector in banking and real estate development.

He returned to the Federal Reserve Board in Washington in 1976 as chief of financial institutions supervision, rising to head the Fed's overall bank supervision division.

Mr Taylor is respected in the banking industry, where he is viewed as a tough regulator who is unlikely to make concessions on the need for strict controls on the division of risks and capital adequacy ratios.

"During the past decade, the banking industry has found Mr Taylor to be a tough but fair regulator," said Mr Richard Kirk, president of the American Bankers Association.

Mr Taylor has criticised the division of supervisory powers between the Fed, the FDIC and the Comptroller of the Currency, arguing that the Fed should have sole responsibility for bank regulation.

The only significant obstacle to his confirmation by the Senate is criticism of the Fed's handling of the Bank of Credit and Commerce International (BCCI), but banking industry specialists do not expect this to hold up his appointment.

Poor management at root of Japanese bank scandal

By Steven Butler in Tokyo

THE scale of the Y342bn ($2.51bn) scandal unveiled yesterday at the Toyo Shinkin, the Osaka-based credit co-operative, was matched only by the swiftness with which the Bank of Japan moved in.

It remains unclear whether the Toyo Shinkin will be legally liable to honour the fraudulent certificates of deposit, which were used as loan collateral, or the extent to which the money borrowed on the basis of the certificates would be recoverable.

None the less, by issuing a statement of support for the stricken co-operative, a run on the Toyo Shinkin by depositors was at least avoided on day one. Even more important, by acting swiftly, the bank may have stemmed fears of depositors in hundreds of similar institutions that their funds might be at risk.

Japan's deposit-taking institutions have been undermined by bad loans stemming from speculative property deals and investments in the stock market, which is languishing more than 40 per cent below its peak of last year. A number of rescues have been mounted, and it is essential for the Bank of Japan to maintain public confidence, as individual bank failures continue to occur.

Yesterday's rescue has much in common with the others. It was effected when the central bank and the finance ministry used their informal powers to encourage all parties to work to preserve the integrity of the banking and deposit system.

Although the use of informal powers has come under sharp criticism in the securities market scandal, where vague administrative guidelines are

Fourth case of fraud shows regulators' shortcomings

blamed for allowing market abuses, yesterday's action also shows the strength of the system.

The institutions involved were not sent immediately off to their legal advisers to determine their technical liability in the affair. Instead, they worked together towards a solution.

The bank and the ministry of finance each issued statements affirming that Toyo Shinkin was basically a sound institution. They also implied that funds would be made available through the Bank of Japan as a lender of last resort.

None the less, the bank was not intending to act alone. There would be support from the National Federation of Credit Co-Operatives, the Sanwa Bank – the co-operative's clearing bank – and by the Industrial Bank of Japan, which was banker to Ms Nui Onoue, the restaurant owner implicated in the affair.

The IBJ was stuck with some of the fraudulent certificates of deposit and yesterday, while apologising for its role, was not able to put a figure on its potential losses.

Ms Onoue was a well-known investor and the share prices of companies in which she held shares fell sharply yesterday. Chugai Ro, the industrial furnace-maker, in which Ms Onoue is the seventh largest shareholder, fell the daily limit of Y100 to Y795 on the Osaka Exchange.

"They (the authorities) are dealing with it," said Mr Russell Jones, an analyst at UBS Phillips & Drew. "But if we get a few more of these, it is going to be pretty negative for the market."

Although the affair illustrates the ability of the authorities to react in a crisis, it also underscores the sloppy management at Japan's banks, and the inadequacies of the regulatory system, as this is the fourth scandal involving faked certificates of deposit uncovered in the past month.

Fears grow over Seoul trade deficit

THE South Korean government should curb the country's rapidly growing trade deficit but should not restrict imports, the Economic Planning Board, recommended yesterday.

In a report to the ruling Democratic Liberal Party, the board warned that restricting imports would create friction with trading partners and called instead for tighter monetary policy, a curbing of construction activity and increased exports.

The rise in the trade deficit, to $5.84bn in the first half of the year, is worrying economists and government officials.

The first half deficit was the worst recorded by South Korea and compares with a deficit of $2.1bn for the whole of last year. The trade balance deteriorated further in July and most economists now forecast the full year deficit will be more than twice the $2bn target set by the Bank of Korea.

The central bank said yesterday it was considering revising its estimates for this year's current account shortfall to between $4bn and $5bn. It said this year's growth rate, forecast at 8.9 per cent, might be affected by measures to limit the trade deficit.

Despite the sharp deterioration in the trade account, the board's report said Korea's trade performance in the second half would be much better than the first six months.

It forecast exports will grow by 12 per cent, year on year, in the second half and easily achieve the government's export target of $73.5bn.

Import growth is also expected to slow substantially from the first half rate of 24.5 per cent because of reduced imports of oil, construction equipment and aircraft.

The board said the current account deficit would be less than 2 per cent of GNP. About one quarter of the $40.5bn in imports in the first half was capital goods and machinery needed to boost productivity.

Oil men lay a pipeline to a blazing wellhead to carry crude once the fire is out

Kuwait's firefighters bring second oilfield under control

FIREFIGHTERS yesterday put out the last fire in the Maqwa oilfield south of Kuwait City, the second field to be brought entirely under control. So far fires have been extinguished at 293 of the 732 wells set ablaze by retreating Iraqi troops, Reuter reports from Kuwait.

Kuwait said yesterday it was producing 150,000 barrels a day and would start drilling new wells next month.

Mr Hamoud Abdulla al-Raqba, the oil minister, said: "I'm getting more optimistic...Most of the fires will be out by March, but it is difficult to say when the last one will be put out."

It was the second victory in the battle against the blazing wells in five days. On Friday the last oil fire at al-Ahmadi, the nerve centre of Kuwait's oil industry, was put out.

Ten per cent of the damaged wells would probably be lost forever, said Mr Raqba. Kuwait's output target was 400,000 barrels a day by the end of this year, rising to 800,000 by the end of 1992. Kuwait was able to produce 2m bpd before the invasion.

With the al-Ahmadi and Maqwa fields out of the way, fireighters will now focus on neighbouring Burgan, one of the world's biggest oil fields.

Sante Fe International, a subsidiary of Kuwait Petroleum Corporation, would initially lead efforts to drill new wells but foreign companies were likely to join in later.

Kuwait plans to drill 100 wells this year.

Keating attacks inflation policy

By Kevin Brown in Sydney

THE Australian Labor Party's simmering leadership battle heated up yesterday when Mr Paul Keating, the former Treasurer criticised government economic policy.

Mr Keating has maintained a low profile on the backbenches since resigning in June following an unsuccessful attempt to topple Prime Minister Bob Hawke. But yesterday he attacked the "fight inflation first" strategy adopted by Mr John Kerin, his successor as Treasurer.

The trigger for the criticism was Mr Kerin's refusal to ease monetary policy last week in spite of a fall in inflation to 3.4 per cent, the lowest for more than 20 years. Mr Kerin said he wanted to take a longer-term view of the prospects for the economy, and was reluctant to risk a premature easing of monetary policy.

Mr Keating, who was Treasurer for eight years from 1983, said there were "potentially very severe consequences for Australia" in Mr Kerin's move towards a medium-term economic strategy, which would require a long period of high real interest rates and could lengthen Australia's recession.

The suggestion a government led by Mr Keating would favour faster growth may have been aimed at the Labor left, which backed Mr Hawke during the leadership campaign. The defection of a handful of leftwing MPs to the Keating camp would be sufficient to defeat Mr Hawke in a second challenge.

Madagascar strike aims at president

A GENERAL strike called to oust Madagascar's President Didier Ratsiraka was held yesterday with most businesses and public services closed to protest at the killing of anti-government protesters by security forces, Reuter reports from Antananarivo.

The airport remained closed for the third day, diplomats said, and South African Airways announced it would suspend its weekly flights to the Indian Ocean island-nation until the end of the month.

As many as 51 people were killed when soldiers opened fire on Saturday and hurled grenades at protesters calling on Mr Ratsiraka to resign.

Vanuatu premier sacks ministers

Mr Walter Lini, the prime minister of Vanuatu, under siege from his own party, wielded the axe on his government again yesterday, sacking three more ministers, Reuter reports from Port Vila.

Mr Lini, who has been accused by his party of dictatorial behaviour, has sacked or demoted 13 ministers in 10 months. Mr Edward Natapei, the foreign minister, Mr Jimmy Meto, the education minister, and agriculture minister Jack Hopa, were fired.

Libya deports 180 Ghanaians

Libya has deported 180 Ghanaians at the start of a drive against alleged illegal immigrants from black African countries, a Libyan official said, Reuter reports from Accra. The deportees arrived in the Ghanaian capital Accra on Monday night in a Libyan transport aircraft.

Kaifu promises Y3bn aid package for Mongolia

MR TOSHIKI KAIFU, Japan's prime minister, pledged an aid package worth nearly Y3bn ($22m) to Mongolia, including Y948m in development assistance, Reuter reports from Ulan Bator.

Mr Kaifu, the first non-communist head of government to visit the country, also promised Mongolia that it will host a meeting of aid donors and international organisations in Tokyo next month.

In a meeting with Mr Dashyn Byambasuren, the Mongolian premier, Mr Kaifu also extended a cash grant of Y2bn as emergency aid to restructure Mongolia's struggling economy. The development aid will be used to install a telecommunications satellite earth station.

● Mongolia has asked the Japanese trading firm C. Itoh and Company to help repair two coal-fired power plants and build a new one, but its decision depends on Tokyo providing aid, the company said, Reuter reports from Tokyo.

Kaifu: meeting of donors

Dreams of a Chinese Wall Street

Yvonne Preston on progress at two experimental stock exchanges

WALL STREET is the symbol of capitalism but China's central bank dreams of a "socialist Wall Street". While Beijing's economic hardliners remain wary of Chinese bulls and bears, the People's Bank is putting its weight behind the country's two experimental stock exchanges in Shanghai and Shenzhen.

Stock market reforms will not be allowed to conflict with socialism, said Chen Muhua, former Bank of China Governor, at the official opening of the Shenzhen Stock Exchange on July 3. But China's socialist ideology is conveniently flexible these days.

People's Bank adviser and former vice-governor, Shang Ming, told China Daily recently that the bank was in the process of devising a regulatory framework with the aim eventually of allowing foreign investors to buy shares. Shang described the move as a decisive step in bringing China into line with normal international financial practices.

With only 14 listed companies, a Wall Street in communist China is a long way off. Gong Yu Guo, the deputy chief executive of the Shenzhen exchange, said six companies were currently listed with an issued par value of Yuan 530m ($99m), five times the size of listings in Shanghai which deals mainly in treasury bonds and government bills.

The Shanghai exchange was officially opened in December last year, but Gong said Shenzhen was the first to begin trading. "We had the baby first, but got the birth certificate later." Over-the-counter trading and street-corner dealing was so chaotic in Shanghai by the end of last year the exchange's opening was speeded up to bring order to the market.

'Hong Kong's exchange is 100 years old. Including over-the-counter trading we have only three years experience. We're a baby. We have to grow up step by step.'

Trading for the day on the Shenzhen exchange finished as Gong spoke. On the small trading floor, dealers from Shenzhen's 11 securities houses played cards in front of the electronic board, slapping them noisily down on a desk.

The 11 are jealously protective of their territory, though Gong looks to a future when foreign securities traders will be members and the Shenzhen exchange will issue foreign company shares. A seat costs Yuan 1m.

The exchange hopes to list another 10 companies this year and next. Gong denied that its expansion plans were constrained by a wary Beijing. The exchanges need to expand if they are to survive "a mere rustle of leaves in the wind," said Shang Ming, the central bank adviser, a poetic phrase for a sharp down-swing in share prices. Gong sees a future where the exchange helps turn Shenzhen into the financial and commercial centre for the Pearl River delta.

Share ownership in China began experimentally in 1985. Socialist share ownership requires more than 50 per cent of shares to be in the hands of state-owned enterprises.

There are now 6,000 businesses with issued shares. The great majority are unlisted companies selling shares only to their employees. More than 100 companies have applied for listing in Shanghai or Shenzhen.

China has still to create a legislative framework for securities trading, though Gong points to precautions taken against insider trading – "behind the scenes trading" in Chinese. He knows about securities scandals, having represented the Bank of China in Tokyo at the time of the Tanaka scandal. Communist Party members and people working in government are theoretically barred from buying or selling shares.

To stop people "getting in through the front door", trading in shares is limited to Chinese citizens over 18 with ID cards and to state-owned companies, not Sino-foreign ventures. A special yuan-denominated B-class share is planned for foreign investors, tradeable on a foreign currency basis with profits distribution abroad permitted, China Daily reports.

Gong admitted there was a long way to go. "Hong Kong's exchange is 100 years old. Including over-the-counter trading we have only three years' experience. We're a baby. We have to grow up step by step."

'Civilians attacked' in Turkish raids on Kurds

THE United Nations body co-ordinating relief work for Kurds in northern Iraq has advised aid workers to leave areas attacked in cross-border raids by Turkish troops last week, Reuter reports from Diyanah, Iraq.

Relief workers said civilian villages were bombed by Turkish planes, casting doubt on government assertions that its troops attacked only bases of the separatist Kurdish Workers Party (PKK).

Mr Hagenbuchle Otto, an official of the UN High Commissioner for Refugees (UNHCR) said he issued the advice on Sunday after almost a week of Turkish air and land attacks. Turkish military sources said ground forces were continuing "mopping up" operations.

The UNHCR advised aid workers to leave the valleys of Merga Sur and Sidakan, near the intersection of the Turkish, Iranian and Iraqi borders, where Iraqi Kurds and western relief workers say villages were attacked last week.

About 15 expatriates working for three relief organisations, Action Nord-Sud, Action International Contre la Faim (AICF) and Equilibre, are in the two valleys.

Relief workers and Kurdish officials cast doubt on Turkish claims that the areas attacked harboured PKK guerrillas.

Hospital officials in Diyanah said the most serious attack killed 12 and seriously wounded 15 in the village of Khera Zouk last Wednesday.

"We have been operating in this area for several months and we know these two valleys quite well," said Mr Otto. "I can state quite categorically that the village of Khera Zouk was a civilian settlement of Iraqi Kurds."

Congress sticks by deal with Hindu party

RELATIONS between India's minority Congress government led by Mr P.V. Narasimha Rao and the main parliamentary opposition group, the Hindu revivalist Bharatiya Janata Party (BJP), improved considerably yesterday after the former supported the BJP candidate for deputy speaker in the Lok Sabha (lower house of parliament), writes K.K. Sharma in New Delhi.

Strains emerged last week after BJP members blocked parliamentary proceedings for a day in protest against being called "traitors" by Mr Madhavrao Scindia, the minister for civil aviation and tourism. Mr Scindia has refused to withdraw his remarks or apologise.

By supporting the BJP candidate, Mr S. Malikarjunaiah, Congress lived up to its promise of a month ago when it won BJP support for its candidate for speaker.

Lee Kuan Yew's man put to ballot box test

Singapore's new prime minister wants to seek his own popular mandate, **writes Our Foreign Staff**

SINGAPORE'S prime minister of less than a year, Mr Goh Chok Tong, is expected to seek a popular mandate by announcing general elections within the next few weeks.

There would be no doubting the outcome of elections: the People's Action Party, which has ruled Singapore since 1959, holds 80 of the 81 seats in Parliament and can be expected to maintain its dominance.

Elections would, however, be a crucial personal test for Mr Goh himself. He was chosen by Singapore's only previous premier, Mr Lee Kuan Yew, to succeed when Mr Lee stepped aside last year – though Mr Lee remains an important figure, retaining a cabinet seat as Senior Minister and remaining secretary-general of the party.

Mr Goh does not need to call elections until 1993. But he announced last week that they would held well before the end of the government's term, and has said he plans to call them "soon".

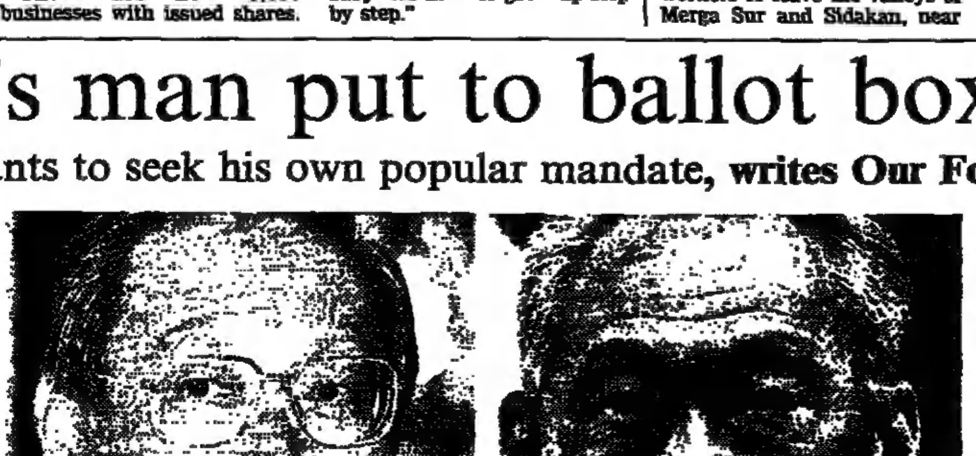
With electoral campaigns always extremely short in Singapore, there is speculation that since Mr Goh is clearly preparing the ground, the announcement could come within the next two weeks and that the election could be in the first half of September.

The key test in the elections will be the scale of the popular vote for the PAP. In 1988, its share fell to 62 per cent from 65 per cent in 1984, itself was well down from over three-quarters of the vote at the previous polls.

If the PAP's share were to fall below 60 per cent, Mr Goh's chances of retaining the baton passed to him by Mr Lee would diminish rapidly. But a more positive result would shore up his position, undermined so far because he is seen as being sandwiched between Mr Lee and the former prime minister's son, Brigadier-General Lee Hsien Loong, deputy prime minister – who is usually seen as the next premier.

After saying he wants to remain in office for 10 years, Mr Goh needs to show he is his own man with his own mandate.

He said earlier this month: "I did not emerge through the crucible of politics, out of crisis and revolution. I was inducted. Mr Lee and my colleagues can appoint me prime minister. My party cadres can make me leader, but will I be acceptable to the people? Will there be loyalty or trust? Can it be created? We don't know, but if, in the process of my dialogue sessions, my policies are accepted by the people, I do things in my own way and they support it, then I begin to emerge as a leader."



Mr Goh Chok Tong and Mr Lee Kuan Yew: soon to face fresh electoral challenges

Singapore's voters have few economic reasons for dissatisfaction with the government. The economy is projected to grow 8 per cent this year; there is virtually full employment. "I have to meet the expectations of a more demanding new electorate. They have full stomachs. Even their pockets are full. Naturally they would like more freedom of expression," Mr Goh said at the weekend. Among the moves he has made so far was a relaxation of the censorship laws.

He has won popular support by pledging a more open, human style of government, and promises higher spending on education, health care and housing. He is seen as being able to deal with the sensitive issues surrounding racial and cultural differences.

Those among the Chinese population concerned over the preservation of Chinese language and culture have been disarmed by his request for signs at Changi airport to feature languages other than English, because he wanted it to look Asian.

The Malay and Indian minorities also have their grievances, not least of which is the government's promotion of a "Speak Mandarin" campaign. Mr Goh has tried to assuage their feelings. Malays are thought to be happier with the government than they were a few years ago.

Under realigned election boundaries parliament will continue to have 81 seats, 21 for individual districts and 60 representing 15 "group representation constituencies" each of which has four members. These are intended to ensure that minorities are represented in parliament. Of Singapore's 2.7m population, 76 per cent are Chinese, about 15 per cent Malay and 6 per cent Indian.

Malaysian on illegal share trading charge

A MALAYSIAN court yesterday charged Mr Mohamed Ghazali Mohamed Nor, the former chief executive of state-controlled broking house BBMB Securities, with illegal share trading, Reuter reports from Kuala Lumpur.

Mr Mohamed Ghazali was charged on three counts of trading in 6.48m shares of Sungei Besi Mines Malaysia without a dealer's licence. He was released on bail of M$10,000 (£2,148) pending trial on November 6-8, and faces a maximum fine of M$5,000 or one year's jail or both if found guilty of each charge.

BBMB, a subsidiary of state-owned Bank Bumiputra Malaysia, reported losses of M$72m for the financial year ended March 31, 1991. The losses, which BBMB said was due to irregular stock transactions between September 1989 and March 1990, dampened the stock market and fanned rumours of arrests of leading figures in Malaysia's corporate sector.

The charges accuse Mr Mohamed Ghazali, chief executive from October 1989 to April 1990, of illegally selling shares in Sungei Besi to Singapore-based Royal Trust Merchant Bank, London and Pacific Securities of Hong Kong and an individual.

Mr Mohamed Ghazali pleaded not guilty to all charges.

Shares of Sungei Besi, a tin mining company, had risen in early 1990 on heavy speculation but plunged after a proposed acquisition was called off. Malaysian authorities are still investigating the heavy trading of Sungei Besi shares.

Mr Mohamed Ghazali is the first senior corporate figure to be charged after Mr Anwar Ibrahim, finance minister, vowed to crack down on insider trading and irregular transactions to clean up the Kuala Lumpur Stock Exchange.

● Dr Mahathir Mohamad, Malaysia's prime minister, has accused European and American countries of trying to sabotage the stability of developing nations through "instigation" and breaking laws of target countries which are a threat to their economies", AP reports.

WORLD TRADE NEWS

India raises incentives to boost export drive

By David Housego in New Delhi

THE Indian government yesterday sought to boost exports further by increasing incentives to companies setting up in export processing zones.

Companies operating from the zones, or setting up units geared wholly to exports, will be able to convert 30 per cent of their export earnings into freely tradeable foreign currency.

Such currency converted into paper instruments, known as Eximscrips, can currently be marketed in India to importers at a premium of 42 per cent.

Eximscrips introduced amongst the new government's first liberalisation measures replace what used to be known as "replenishment licences", which entitled them to make imports worth 30 per cent of exports.

Until yesterday, companies operating from export processing zones and/or wholly geared to exports had not been eligible for the benefits of the Eximscrip scheme.

The government also announced that it was reducing customs duty on sales from export processing zones to the domestic market and allowing privately-owned bonded warehouses to be established in the zones.

The new measures are an extension of the trade liberalisation moves announced by the government last month.

They come at a time when trade figures for the April-June period show that exports fell by 6.6 per cent in dollar terms compared with the same period last year.

> "A system of automatic approvals is being established for all proposals which fall within certain parameters" — Mr P. Chidambaran, Minister for Commerce, on the new liberalisation rules

The trade deficit also contracted by 32 per cent because of the sharp drop in imports. Among other measures of deregulation announced yesterday, the government also reduced discretionary controls on some imports.

Twenty items, including platinum, raw jute and floppy diskettes, have been removed from the list of products which can only be imported by a government agency.

Indicative of the change of mood, Mr P. Chidambaran, the Minister for Commerce, announced that the office of the Chief Controller of Imports and Exports was being renamed the Directorate-General of International Trade.

The two main state organisations that have been responsible for imports – the State Trading Corporation and Minerals and Metals Trading Corporation – are being given a new role as international trading houses.

A major test case for the government's new liberalisation policy is whether Coca Cola will be allowed to return to India.

Coca Cola is seeking to establish a food processing and soft drinks facility at Noida, the export processing zone outside Delhi.

Coca Cola wants to establish the unit in order to take advantage of provisions that would allow it to sell up to 25 per cent of its output in the domestic market.

In remarks seen as including the controversial Coca Cola proposal, Mr Chidambaran said yesterday that a "system of automatic approvals is being established for all proposals which fall within certain parameters".

German banks to lend Iran DM500m

A GROUP of German banks is lending Iran more than half a billion marks (£170m) to finance the purchase of goods and services from German companies, Deutsche Bank, the group's leader, said yesterday, Reuter reports from Frankfurt.

Deutsche Bank, Germany's biggest bank in terms of assets, said a DM510m credit facility had been arranged for the National Petrochemical Company in Tehran, a subsidiary of the National Iranian Oil Company.

The money will help Iran finance the reconstruction, modernisation and expansion of its petrochemical industry.

Iran has said it expected to borrow a total of $856m from German and Italian banks to help it finance petrochemical projects.

All loans would be repaid in eight years.

The contracts are part of an investment programme, including about $3.2bn of foreign credit, to develop Iran's petrochemical industry under a five-year plan ending in 1994.

The German loan would help finance a polyvinylchloride (PVC) plant at Bandar Imam Khomeini on the Gulf coast, to be built by German companies Krupp Koppers and Kloeckner.

Individual credit agreements that are part of the facility will carry German and Iranian state guarantees, Deutsche Bank said.

Commerzbank, Dresdner Bank and Société Générale-Elsässische Bank und Co were also in the consortium, it said.

Swedish investment looks inward

Robert Taylor examines a chilly attitude to foreign companies

SWEDEN is suffering from a widening investment gap; its own foreign investment offensive has yet to be met with a comparable surge of investment by foreign companies into Sweden.

The country's corporate sector has considerably increased its investments outside Sweden in the past decade. In 1980 SKr4.65bn (£0.44bn) was invested abroad; by last year the figure was around SKr109bn (£10.28bn), focused particularly on the EC.

In stark contrast, the flow of inward investment from foreign companies has hardly been more than a trickle, at least not until last year. In the first half of the 1980's net foreign investment into Sweden did not rise above an annual figure of SKr3bn (£0.2bn).

It is true this improved strongly in 1988 and 1989, when it climbed to over SKr9bn

> Inward investment flow has hardly been more than a trickle

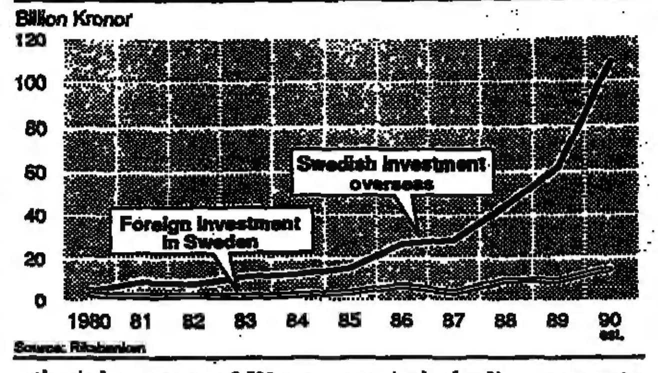
(£0.84bn) and above all in 1990 as it reached SKr14bn (£1.32bn), but there is roughly a five to one imbalance between inward and outward investment.

Sir Brian Corby, the president of the Confederation of British Industry, said during a visit to Sweden earlier this year that it was "a hostile environment for foreign investors."

Last year Swedish companies acquired 18 British firms for a value of SKr30bn (£2.8bn), but not one British company moved into Sweden during the same period. There is a similar investment imbalance with other trade rivals like Germany, the US and France.

This does not mean that Sweden is wholly bereft of foreign owned companies. It is

Swedish foreign investment



Source: Riksbanken

estimated as many as 2,500 are operating inside the country and they employ around 160,000 workers, around 8 per cent of the labour force. The biggest intrusion has been in wholesale trade where about 20 per cent is in foreign hands.

Pilkington Glass has operated in Sweden for many years and is one of the country's top three most profitable enterprises.

Other large foreign owned companies like Siemens, Philips and IBM are also based inside Sweden while during the 1980's there was also a notable Finnish corporate offensive into Swedish sectors like electronics, mining and building materials.

The arrival of General Motors of America in November 1989 as joint owner with Saab-Scania of the newly formed Saab Automobile AB and Asea engineering group's marriage to the Swiss giant Brown-Boveri in the autumn of 1987 also helped to improve the level of foreign investment flowing into Sweden.

The decision in February by the Wallenberg industrial empire, to sell off the Alfa Laval company to the once Swedish but now Swiss-based Tetra Pak, also suggests the country's leading corporate family is ready to relinquish control of some of their assets when necessary to protect their industrial core.

Despite some criticism inside Swedish industrial circles, the 'investment gap' has not so far received urgent attention. Indeed, it often looks as though the Swedish government is more than a little ambiguous in its attitude to inward investment.

However, many of the pressing problems that used to worry potential foreign investors have been resolved during the past year. Earlier this year Sweden dropped plans to abandon nuclear energy as a cheap and unlimited source of power, allaying fears of rising production costs. Reform of the tax system has eased the tax burdens of foreign companies, while labour costs – soaring a year ago – are now falling.

Worker absenteeism has also dropped by 20 per cent and productivity is rising.

Above all, Sweden's application this summer to join the European Community, as well as the linking of the Krona to the European Currency Unit in May, suggests the old concept of Fortress Sweden has gone.

Perhaps even more important, the ruling Social Democrats have announced their intention to deal vigorously in future with the cartels, price fixing and regulation that have encouraged home-grown monopolies and discouraged foreign competition.

The government has also promised to change existing restrictive company laws, which prevent foreign companies from acquiring more than 40 per cent of the equity or 20 per cent of the votes of a Swedish enterprise without securing government permission.

It is true in practice the official go-ahead is not withheld but this remains a technical barrier and must discourage some companies.

Swedes too often forget the vital role played by foreign investment, especially from Britain, Germany and France, in the making of their country's industrial revolution in

> Swedes too often forget the vital role of foreign investment

the 1880's and 1890's. The growing open internationalisation of the Swedish economy, in fact, marks a return of some of the outside influences that shaped its development at the end of the nineteenth century.

Today, however, there is an added attraction, as Sweden pulls itself out of its present recession over the next few years. The end of the Cold War and the moves inside the Soviet Union towards a market economy, particularly in the neighbouring Baltic states, will add to Sweden's strategic advantage for many foreign companies operating in a Scandinavian market of 22.5m affluent consumers. The Swedish investment gap seems unlikely to disappear in the 1990's but it could well grow much smaller.

US aims to lay blame on EC in grain row with Australia

By Nancy Dunne in Washington

THE US has its answer ready for the Australians visiting Washington this week to complain about American grain export subsidies to what Australia sees as its own markets: the fault lies with the European Community.

In its July Export Markets for US Grain and Products report, the US Agriculture Department (USDA) took note of "industry and government commentary" abroad which attributes the depressed condition of the world wheat markets to the US export subsidies. However, says the report, the fault lies with the "relatively large global exportable supplies and subsidised exports by the EC."

The consultations, to be held today, will deal with bilateral issues, the Uruguay Round of trade liberalisation talks under the General Agreement on Tariffs and Trade and the international grains trade at "the working level" of officialdom. Mr Greg Woods, assistant secretary at the Australian Foreign Affairs and Trade Department, will head his country's team, and Mr Paul Dickerson, USDA general sales manager, will represent the US.

The USDA contention that the Community is to blame for what has become a bilateral subsidy war over wheat is not a new one. But Australian farmers, whose incomes have been dropping sharply, feel victimised by the fallout. They are particularly upset about recent US sales and allocations of subsidised wheat to Kuwait, Yemen and China.

Mr Barry Jenkins, spokesman for the US wheat growers, says, however: "We reject the idea of spheres of influence. The Australians' big thing is that we're going into their traditional markets. But that's what competition is all about."

Mr Jenkins expressed sympathy for the Australian farmers, and USDA officials are bound to do the same. "But we won't shy away from markets because someone else has sold there in the past," he said. "When our guys get displaced out of a market, we'll go somewhere else."

The USDA says EC wheat production is heading toward a record 90m tonnes this year. Because of both a government set-aside programme and poor weather, US output is falling by about a quarter this year to 55.3m tonnes. But the US will still have to explain why its subsidies have been allowed to reach record levels.

Kuwaitis water down Israel boycott

KUWAIT no longer blacklists US and other companies that trade with Israel because of its urgent need for help with post-war reconstruction, the country's UN mission has said, AP-DJ reports from New York.

Although officials emphasised that Kuwait's primary boycott against trade with Israel remains in place, its easing of the blacklist undermines the solidarity of the Arab world's long boycott against Israel.

"During reconstruction, we have traded with companies that have made other agreements with the Israeli government," said Masoud al-Fehaid, press officer of Kuwait's UN mission.

"We have made many agreements and bought a lot of equipment from a lot of companies which in the past were boycotted because of their trading with Israel," he said.

Portugal gas deal goes to international group

By Patrick Blum in Lisbon

THE Portuguese government has selected an international consortium including Siemens of Germany and PowerGen of the UK to build and manage a new gas-fired power plant at Tapada do Outeiro, near Oporto.

The contract for the 900 MW plant foresees investments of above Esc80bn ($530m). The consortium in which Siemens and Powergen each have a 10 per cent stake was chosen in preference to another consortium including GEC Alsthom, the Franco-British group.

The plant, due to start production in January 1996, will be Portugal's first private electricity utility.

Its gas supplies will come from a new liquefied natural gas (LNG) conversion terminal to be built in Setubal, south of Lisbon, for which a contract was awarded last month to a consortium led by Gas de Portugal and including Gaz de France and Ruhrgas of Germany.

This is the second large energy project approved by the Portuguese authorities this summer. The government is expected to decide soon on awarding the concession to develop and manage a 1,200 MW coal-fired power plant at Pego, some 100km north of Lisbon, with a total investment of around Esc300bn.

Caricom meets on aid share-out

Members of Caricom, the Caribbean regional economic grouping, are meeting in Barbados to begin talks on how to divide the $108m (£60.7m) allocated by the European Community for projects under the fourth Lomé trade agreement, according to the Caribbean News Agency, Reuter reports from Bridgetown.

The 15 Caribbean members of Caricom submitted proposals for projects totalling about $451m.

Caribbean Community secretary general Roderick Rainford urged representatives at the two-day meeting to agree on a collective approach for using the regional project funds. The former 13-member Caricom and the EC earlier agreed to focus regional projects on trade, tourism, agriculture, fisheries, transportation and communications, as well as the environment.

New members the Dominican Republic and Haiti are among the 15 Caribbean members to benefit from the regional funds allocated by the EC under the Lomé pact signed in December 1989.

The addition of the two countries raises the Caribbean population involved in the sharing of the funds by more than 4m, to a total of about 10m.

Soviet press hails $7m John Brown contract

By John Lloyd in Moscow

A DEAL between John Brown Engineering and a steel construction plant in Baku has been hailed in the Soviet press as an indication that Soviet plants are capable, on occasion, of meeting world standards.

The contract, worth $7m (£4.28m), was placed last month for steel piles for North Sea oil platforms for British Petroleum. Though the contract has been taken by John Brown, the deal was negotiated by BP while the company was bidding – ultimately unsuccessfully – for the exploitation of a site off Baku.

British Petroleum said yesterday that the price was competitive even with the cost of transporting the structures to the North Sea.

The deal was given front page treatment in the government newspaper Izvestia, which quoted Mr Boris Nikityin, the first deputy minister of oil and gas, as dismissing those who described the Soviet Union as a "developing country".

"That's not the case. We have plants – unfortunately, still a small number – the products of which match world standards," he said.

Pilsner beer to be canned

PILSNER, Czechoslovakia's world famous brewer which is pushing for better sales in the west, is introducing a novelty so far scorned in its home country – canned beer. Pilsner's deputy director Mr Jaroslav Pesler said yesterday that most of the canned beer would be exported, AP-DJ reports from Prague.

The lack of a canned variety has made Pilsner less competitive in attractive markets such as the US, Japan, the Middle East and the Canary Islands, where tradition apparently counts for less than convenience, the Prague daily Metropolitan said.

Pilsner plans to raise exports to western markets from 160,000 hectolitres last year to 280,000 hectolitres at doubled prices this year, said Pilsner director Mr Pavel Gregoric.

Mr Pesler said a new production line can fill 15,000 cans an hour at the brewery in Pilsen, Czechoslovakia's largest.

Japanese importers had already expressed interest for the new canned brew, Mr Pesler said, and Pilsner had established a trading company – Pilsner Urquell International – in Frankfurt, Germany, as part of a "resolute effort" to penetrate new markets.

THE BCCI SHUTDOWN

WORLD ROUND-UP

Japanese bank suffers loss

THE Industrial Bank of Japan (IBJ), one of the country's leading banks, confirmed that it had lost a large sum of money as a result of the shut down of BCCI, David Lascelles writes.

The Tokyo-based bank would not detail the sum involved, but it is understood to be $32m (£18.8m).

This would make IBJ one of the largest bank casualties of the BCCI closure.

IBJ is believed to have been in the process of completing a yen-dollar trade when the bank was closed on July 5. IBJ had paid out one side of the trade, but had not yet received the matching payment from BCCI.

Because of BCCI's reputation, few international banks permitted themselves to build up large net exposures to it.

The only other bank to have confirmed an exposure to BCCI was American Express Bank. It said its $30m exposure was adequately offset.

Canadian court to hear petition

A MONTREAL court will today hear a Canadian government petition seeking the winding-up of BCCI subsidiary Bank of Credit and Commerce Canada (BCCC), Bernard Simon in Toronto writes.

According to the petition, BCCC had deposit liabilities of C$103.5m (£52.8m) on June 30 and liquid assets of C$52.6m. The bank valued its loan portfolio at C$145.1m at the end of June, but the superintendent of financial institutions has revised that figure to C$121.3m since the bank was closed.

The government said that BCCC's loan portfolio "requires immediate attention to prevent further deterioration and to achieve maximum values." Non-performing assets stood at C$69.4m on April 30, up from C$14.2m in October 1989.

The petition says that net interest income from the bank's core activities has for more than two years been insufficient to cover non-interest expenses such as salaries and rent.

A picture that will take months to piece together

David Lascelles on the aftermath and issues of BCCI's shutdown

FORTY days have passed since the Bank of Credit and Commerce International was shut down in an unprecedented worldwide swoop. A torrent of information has emerged from court documents, official hearings, and employees and customers of the bank itself.

The complete picture will not emerge for several months until various public inquiries report back. However, the important issues at this point are:

● What is the scale and nature of the fraud?

BCCI was engaged in literally dozens of different types of fraud. The most serious was the fundamental fraud over its own capital. It lent large sums of money to its own shareholders to buy shares in itself and in subsidiaries. Price Waterhouse, the auditors, say that it never actually made any real profits in its 19-year existence. If so, its accumulated reserves are probably also fictitious. Consequently, BCCI may never have had any real capital at all, apart from the $2.5m with which it was launched.

Another large fraud centred on the treasury where accounts were manipulated, the auditors say, to cover dealing losses of at least $850m.

Both these central frauds obliged the bank to engage in other frauds, notably the creation of fictitious loans to disguise the bad loans, and the practice of taking in deposits without recording them so that they could be used to plug gaps in the balance sheet.

There were also frauds over tax evasion, bribery, money laundering and the clandestine acquisition of First American, the Washington-based bank that BCCI bought through nominees.

● What was BCCI really up to?

Was it a fundamentally corrupt bank, or was it sucked into massive fraud to cover up incompetence, as many employees are suggesting?

Although BCCI was a bank driven by the vision of its founder, Mr Agha Hasan Abedi, to create a Third World bank, and many of its employees shared this inspiration, evidence points strongly to the former theory of corruption. Investigators have found a complex web of fraudulent manipulation that was managed centrally from the highest level by Mr Abedi himself, and Mr Swaleh Naqvi, the chief executive.

There were separate sets of files and a unit the sole function of which was to manage and conceal the fraud. While much of the fraud undoubtedly resulted from bad lending – for example to the Gokal shipping group where exposures exceeded $700m – there were many instances where BCCI appeared to be deliberately engaging in illegal activity. These included tax evasion, foreign exchange control evasion, corruption and the First American acquisition.

The central thrust of the bank also was to create the appearance of steady healthy growth, regardless of the reality.

● How did it get away with it for so long?

This is the hottest issue. BCCI was long known to be a highly questionable bank without a true home, yet the suggestion of fraud did not appear in any official documents until April last year, and it was only 15 months later that the bank was shut down. Many of the frauds required the collusion of BCCI's customers, shareholders and other banks, which makes it all the more astonishing that nothing came to light earlier.

Although BCCI's principal supervisors, the UK, the US, Luxembourg and the Cayman Islands, formed a "college" to keep an eye on it, none of them wanted to be directly responsible. BCCI was able to operate in a regulatory vacuum. International banking supervisors will meet next month to discuss these lapses, but the agencies in all the countries involved are likely to face severe criticism in the months ahead.

A big question mark also hangs over the role of Price Waterhouse. PW was auditing BCCI jointly with Ernst & Young until 1988 and solely thereafter. The texts of auditing reports that have so far emerged show that PW was deeply concerned about the scale of bad debts, poor documentation and interconnected lending in the bank in the early part of last year.

However, apart from labelling one set of transactions involving the Cayman Islands as potentially "false or deceitful", PW's reading of the problem for all of last year was of an incompetently managed bank which could be put right with new management and a large injection of capital. The regulators agreed.

In a curious reversal of roles, PW urged BCCI to set up an internal task force of senior executives to conduct an "objective review" of the bank's problems. Predictably, the task force agreed that there were problems, but minimised their importance, and concluded that the rest of the bank was in good shape.

It was only once PW had stumbled across Mr Naqvi's secret files of the fraud, and the new management uncovered evidence of unrecorded deposits at the end of last year, that the regulatory machine swung into action and launched the inquiry that led to the shut down.

The impression gained from the PW reports is that the auditors and regulators were staring at an extraordinary state of affairs last year, but were reluctant to accept that fraud might lie behind it. Consequently, they favoured a course of restructuring rather than closure at that stage.

Thus, PW is likely to face criticism too, though there will also be a debate over whether auditors are responsible for detecting fraud, and if so whether they should report it only to the directors or to an outside agency.

● What is BCCI's connection with the world of intelligence?

That the bank was used as a conduit for payments by intelligence agencies appears certain. It was also linked to the financing of arms exports to Asia and the Middle East. The CIA infiltrated BCCI in the early 1980s and used it as a source of information on the finances of terrorists, criminals, drug smugglers and other intelligence agencies. It even knew that BCCI was the illegal owner of First American, though it did not pass this particular piece of information on to the Federal Reserve Board.

What is not yet clear is whether BCCI played an active role in the intelligence underworld, or whether its contribution was the more passive one of purveyor of banking services to spies and crooks. However, this area could become a big political issue in the US and may create difficulties for President Bush because of allegations of a cover-up.

● What was Abu Dhabi's role?

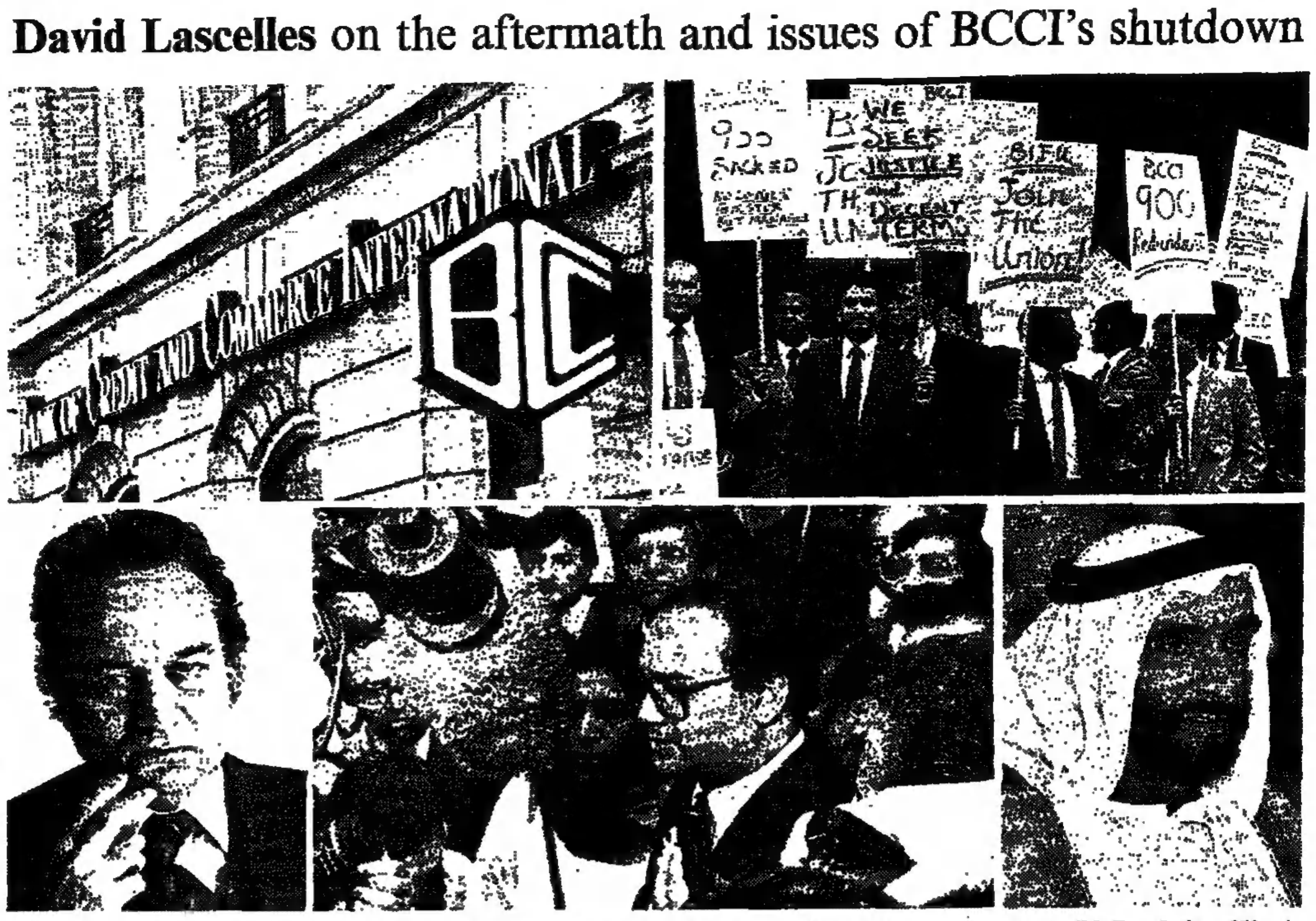
Abu Dhabi, as a big shareholder, was one of the driving forces behind BCCI's growth, but there have also been suggestions that it knew of the frauds. This is an area where the biggest information gaps still exist – and may never be filled in because of the emirate's obsession with secrecy.

The evidence so far suggests that BCCI's Arab shareholders in Abu Dhabi and elsewhere were driven more by greed and naivety than by a intention to run a fraudulent bank. Many of them benefited from large loans and fees from the bank, and even outright gifts. But they do not appear to have been fully aware of the scale of fraud being perpetrated within the bank itself. The exceptions might be those people who allowed their names to be used as "fronts" for BCCI's illegal acquisition of First American, though they would have to understand the intricacies of American banking law to know the precise legal implications of this.

Whether Sheikh Zayed bin Sultan al-Nahyan, the ruler of Abu Dhabi, understood what was going on is doubtful. The key figure is Mr Ghanem al-Mazroui, the manager of the ruler's personal financial affairs. As Abu Dhabi's representative on the BCCI board, he would have received all PW's reports, though, as already noted, these made little mention of fraud. PW spoke of the "collusion" of BCCI's shareholders in the fraud, but this has yet to be documented.

● Can BCCI be rescued?

This looks unlikely. Although the losses still cannot be calculated, they must be enormous. Some will be offset from the sale of BCCI's few healthy businesses, and from the enforced divestiture of First American and another illegally acquired US bank. However, the losses and the taint mean that a wholly new entity would have to be created with fresh capital from Abu Dhabi, which is unlikely to be forthcoming. BCCI is assured a long life as a news story, but as an entity it must be considered dead.



Forty days and forty nights in the wilderness: (clockwise) the shutters go down on BCCI; employees protest; Sheikh Zayed gives £50m to avert a wind-up; MP Keith Vaz champions the depositors' cause and bank founder Agha Hasan Abedi refuses to answer charges in the US

UK NEWS

Rise in output suggests modest recovery in UK

By Peter Marsh, Economics Staff

AN UNEXPECTED rise in manufacturing output in June, revealed in figures released yesterday, supported indications that the UK recession may have touched bottom.

According to the Central Statistical Office (CSO), factory production rose by 0.2 per cent in June. The trend over the past few months points to a flattening in the rate of decline, after the sharp falls in output around the end of last year.

Although the evidence is imperfect, the figures back up projections by the government and the City of London that total UK output, of which factory production accounts for just under a quarter, is likely to show a modest recovery later this year.

The Treasury welcomed the latest data as providing fresh evidence that the worst of the year-long recession might be over. But the Confederation of British Industry, the UK employers' organisation, said the June figure could be a distortion and that further reductions in output might show up in July and August.

On a quarter-on-quarter basis, which gives a better idea of underlying trends, factory production declined by 0.5 per cent in the three months to June. That compares with a fall of 1.3 per cent between the first quarter of this year and the final three months of 1990.

Other CSO figures showed that the energy and water industries increased output by 11 per cent in June, mainly due to a boost in North Sea oil production, caused by an end to maintenance work and extra demand resulting from cold weather. With the smaller rise in factory output, total industrial production – from manufacturing, energy and water – increased by 3 per cent in June.

The better news on industrial production was accompanied by a reminder for the government that inflationary forces in the economy are far from extinguished. Wholesale prices of factory goods rose by a provisional 5.9 per cent in the year to July, up from 5.8 per cent in June, in the first rise in this series since January.

Assuming the decline in manufacturing output has roughly reached a trough, the total fall in production in this sector during the 1990-91 recession is likely to amount to about 7 per cent, on the basis of CSO figures. During the previous economic declines in 1974 and 1980, factory production fell by roughly 11 per cent and 16 per cent respectively.

The evidence about a possible recovery later this year pushed up share prices in London, and the FT-SE 100 index of leading shares closed 15.5 higher at 2,564.9.

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Price increase mars economic optimism

By Edward Balls

BRITAIN'S annual rate of inflation in producer prices rose in July, the first rise since January, signalling that the fall in underlying inflation remains sluggish.

Factory gate prices rose by a provisional 5.9 per cent in the year to July, up from 5.6 per cent in June, the Central Statistical Office (CSO) announced yesterday.

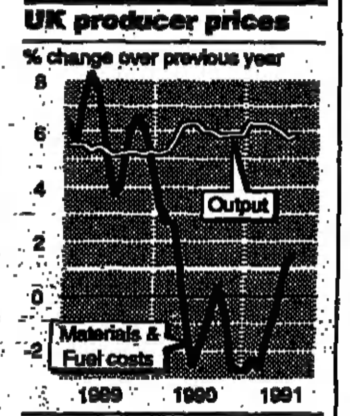
The June figure was revised up from a provisional 5.7 per cent. The output price index rose to 133.8 in July, up 0.4 percentage points on the previous month.

City economists had been expecting a further fall in the output price inflation to around 5.5 per cent, following four consecutive monthly falls in the annual rate from a peak of 6.3 per cent in March.

The Treasury acknowledged that the latest figures were worse than they expected but cautioned that monthly movements in food, drink and tobacco prices were notoriously erratic.

The index of manufacturing output prices excluding volatile food, drink and tobacco prices remained unchanged in July, compared to the previous month, at an annual rate of 5.2 per cent.

UK producer prices



The Treasury said that producer price inflation remained firmly on a downward trend and expressed confidence in its budget forecast of a fall in output price inflation to 4% per cent in the final quarter of this year.

Mr David Walton, an economist at Goldman Sachs, described the news as "disappointing", but said that the evidence supported the Treasury view that underlying inflationary pressures were easing.

Thames TV outbid in quest for new licence

By Raymond Snoddy

THAMES Television, the largest company in Britain's Independent Television (ITV) network, has been outbid by both its rivals in the competitive tenders for new 10-year broadcasting licences.

Unless the Independent Television Commission (ITC) decides there are exceptional circumstances the London company, famous for its drama programmes, will lose its franchise.

Mr Michael Green's Carlton Communications, the television production and services company, has made the highest bid for the London weekday franchise.

Mr Green declined to comment last night but it is believed the Carlton bid is in the £48m to £49m range at 1993 prices.

CPV-TV, the consortium which links Mr Richard Branson's Virgin Group and the broadcaster Mr David Frost have bid between £45m and £46m.

Thames which contributes one third of the programmes shown on the national ITV network, more than 450 hours a year, has bid less than £40m.

If Thames, now controlled by Thorn EMI, loses its broadcasting licence it could face a difficult future.

The company would survive as a large independent producer but Mr Richard Dunn, the Thames chief executive, has said in the past that if the company lost its licence around half its turnover would go with it. There would also be large scale redundancies.

Thames is an integrated production company with six studios and more than 1,300 staff. Apart from local news Carlton will commission most of its programmes from independent producers and is likely to employ directly only about 400 people.

The secret bids were submitted to the ITC in May and a decision has been promised on the winners of the 16 licences before the end of October.

Under the ITC procedure all applicants have to pass a quality threshold before the size of the bids are considered. This covers both the quality of the programme ideas and the viability of the business plans submitted.

The franchise is then awarded to the highest bidder among qualifying applicants unless there are "exceptional circumstances", a concept that has not been defined by the ITC or in the 1990 Broadcasting Act.

There is a consensus in the broadcasting industry that the Carlton bid is good enough to get over the quality threshold. Thames Television's main chance of survival will now depend on whether there are exceptional circumstances.

Mr George Russell, the ITC chairman, has made it clear that he wants to maintain a considerable degree of continuity to protect programme standards.

Tax with razzamatazz: Francis Maude (above) hopes tax inspectors will be fair, efficient, helpful and accountable

Derision greets 'utopian' tax charter

By David Waller and Ralph Atkins

THE BRITISH government yesterday unveiled a charter to make the Inland Revenue appear helpful and friendly – based largely on measures first launched five years ago – to a chorus of derision from opposition MPs.

The Treasury's objectives were also criticised as hopelessly utopian by the Inland Revenue Staff Federation, the union which represents 55,000 Inland Revenue staff.

The opposition Labour party branded the initiative as "an insult" to taxpayers.

The charter, launched amid media razzamatazz by Mr Francis Maude, financial secretary to the Treasury, promises that tax inspectors will be fair, efficient, helpful and accountable, so long as taxpayers are honest, provide accurate information, and pay their tax on time.

It marked a further extension of the Citizen's Charter, launched last month by Mr John Major, the prime minister, to improve the quality of public services.

The taxpayers charter will also be adopted by Customs and Excise, another organisation which has been accused of being 'user-unfriendly'.

Ms Joyce Quin, a trade spokesman for the opposition Labour party, said: "No-one will be impressed by the recycling of a five-year-old leaflet which the government is pretending is a new element in the Citizen's Charter. Indeed, many people will consider it an insult to the average taxpayer."

Mr Alex Carlisle, trade and industry spokesman for the centrist Liberal Democrats, said the similarly with the document published five years ago, "reveals the government's empty rhetoric. Its failure to deliver past promises will not fill any taxpayer with confidence".

Mr Jim McAuslan, deputy general secretary of IRSF, was not overwhelmed by the charter's originality. "We welcomed the original charter when it was launched in 1986," he said. "This new version is not that much different.

"Staff in tax offices want to help the public as much as they can", he added, "but they are hampered by problems with the way their work is organised.

"Chasing red-tape and paperwork simply takes up too much time ... thousands of staff hours are spent every month just counting pieces of paper ... secretaries have to measure every piece of paper they type."

Speaking in London, Mr Maude outlined how the grandiose words of the charter would be complemented by action.

Some commonly used forms will be redesigned; new leaflets will be published; tests will be conducted to see whether the public would visit tax enquiry centres outside working hours; standards will be set for replying to taxpayer's letters; and tax officials will have to identify themselves by name.

UK scientists 'will be lured' to Europe

By Clive Cookson, Science Editor

THE creation of a single European market in employment is likely to lead to an outflow of young scientists and engineers from the UK, a government advisory committee warned yesterday.

"Net loss of young trained scientists could represent a major problem for the UK in the near future," says the Advisory Council on Science and Technology (Acost). "As such it should be thoroughly investigated by those bodies responsible for providing adequate levels of training so that they can prepare a suitable strategy to make good any loss."

In a report on the impact of the completion of the Single European Market, Acost says that British graduates are younger and more mobile than their continental counterparts and will be tempted by higher salaries abroad, after the EC ends remaining employment discrimination on grounds of nationality.

The Department of Education and Science, in a response to the report, says that existing evidence does not support Acost's prediction of a scientific brain drain.

The report on the Single European Market is one of three about European science and technology issues, which Acost released yesterday. The other two reports cover the EC's Framework research and development programme and the industry-driven Eureka programme (which is not an EC activity and supports research in 20 European countries).

Acost expresses concern at the UK's limited participation in Eureka. "The UK is involved in only 12 of a total of 89 new projects announced at the June 1989 Eureka conference on ministers," according to the report which urges the government to devote more resources to increasing UK participation in Eureka, including more public funding to help small companies to take part in collaborative European research.

Councils and British Rail fail the consumer test

By Tim Lawrence

LOCAL AUTHORITIES and British Rail generate more complaints than any other daily service, according to a survey published today.

The report, published by the National Consumer Council and based on an opinion poll, found that only two in five people were satisfied with the services provided by their council. A higher level of satisfaction was recorded by local authorities in Scotland.

Most public utilities were found to maintain high customer satisfaction, although criticisms of British Rail increased.

Nearly one in three of BR's customers found services unsatisfactory, with complaints particularly prevalent in the south of England.

However, gas and electricity utilities both received an 85 per cent satisfaction rating, as did coach companies.

Criticism of water companies, the telephone service and Post Offices was more widespread, with dissatisfaction rising, although all three scored over 70 per cent in the satisfaction ratings.

While those questioned were generally unhappy with their local authorities, they discriminated clearly between individual council services. Refuse collection was a chief area of satisfaction, with eight out of ten saying they were satisfied. The chief source of discontent was road maintenance, with only 30 per cent happy.

BRITAIN IN BRIEF

Teaching vacancies remain high

The number of unfilled teacher vacancies in England fell last year, but shortages in key subjects remain acute, especially in London, according to figures released by the government. Unfilled vacancies in January stood at 5,200 (1.5 per cent of all posts), down from 6,500 (1.8 per cent) in 1990. Despite the recession, the vacancy rate is as high as in 1989 and higher than in 1988.

Brokers fail to follow rules

James Capel, the broking firm, has been fined £20,000 for failing to report transactions in accordance with the rules of the Securities and Futures Authority, which regulates the UK securities industry.

Input errors by James Capel in reporting a series of international equity trades over a period of 18 months caused the Stock Exchange checking system to reject the reports.

Inmos cuts 300 from workforce

Inmos, the UK-based semiconductor company, is cutting its workforce by 300, nearly a third, in the face of financial losses and poor market conditions. Inmos, best known for its transputer, or computer on a chip, is owned by SGS-Thomson, the Italian-French computer company which bought it from Thorn EMI of the UK in 1989.

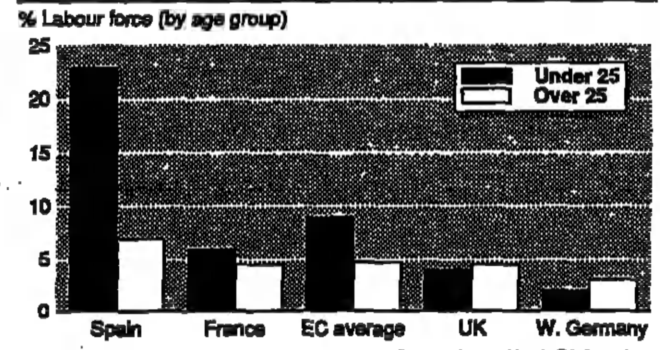
Air passengers fall sharply

BAA, the airports operator, said it had revised its predictions for passenger growth this year from 5 per cent to 1.5 per cent.

The company, which operates Heathrow, Gatwick, Stansted and five regional airports, said the market was not picking up as quickly as expected.

BAA said the number of airline passenger usings its airports had fallen sharply last month with domestic flights the worst hit.

Long-term* unemployed: 1988



*More than one year

Source: House of Lords EC Committee

British youth 'ill-equiped for EC'

Young people in the European Community are inadequately equiped to take advantage of the Single Market, a House of Lords committee has reported writes Andrew Adonis. The report, on young people in the EC, highlights high levels of youth unemployment across Europe (see chart above). Although Britain compared favourably in 1988, the Lords is concerned at the "very low perception" of European opportunities among young people. The Lords emphasise the need to change British attitudes to learning modern languages, and for Britain's 16- to 18-year-olds to remain in education or receive vocational training. It recommends better co-ordination of youth policies between government departments, perhaps through a single minister with responsibility for youth matters.

Young People in the European Community, House of Lords EC Committee, HMSO, £9.80

Schools need urgent repairs

School buildings in England and Wales are in a poor condition, and increased funding and better management are needed to put them right, the National Audit Office has said.

The NAO, the body which scrutinises public spending for the House of Commons, says that more than one-third of primary schools, and a quarter of secondary schools, need repairs or modernisation. Cost of essential work is estimated at £2bn in 1987 prices.

Labour activists begin campaign

Labour party activists have launched a defence campaign for Terry Fields and Dave Nellist, the MPs threatened with disciplinary action by the party's leadership because of alleged links with the extremist Militant Tendency.

Constituency supporters in Liverpool Broadgreen and Coventry south east are calling for the possible expulsion of the two MPs to be debated at Labour's conference in October.

Exhibitions by forces to merge

The Royal Navy Equipment Exhibition and the British Army Equipment Exhibition are to merge, according to Mr Alan Clark, defence procurement minister.

The first combined exhibition will be held in September 1993 in the Aldershot area, west of London.

Disaster report to be released

The accident report into the Marchioness disaster on the River Thames will be published within the next few days despite a private prosecution being brought by the husband of one of the 51 victims.

Mr Malcolm Rifkind, the transport secretary, said he did not believe publication of the report into the collision between the pleasure cruiser and dredger Bowbelle in the Thames on August 20, 1989, would prejudice the private prosecution for manslaughter against the dredger's owners and four senior managers.

Warning on beach safety

The government is giving a clean bill of health to many of Britain's most popular beaches even though they are contaminated by harmful viruses, says the Consumers' Association. It says that it has detected bacteria and viruses - which can cause sore throats and stomach upsets - in the sea off 14 of the 15 beaches tested.

LSE plans expansion

The London School of Economics has made a formal planning application to occupy County Hall, home of the Greater London Council until abolition in 1986. The application precedes any leasing agreement with the London Residuary Body, the current owner of the site on the south bank of the Thames.

UK water costs more than European average

By John Hunt, Environment Correspondent

WATER prices in the UK have risen three times faster than the European average in the past year, according to a report published yesterday.

Of the European countries surveyed only Italy experienced a higher increase in water prices than Britain, soaring by almost 20 per cent.

National Utility Services says that the 15.2 per cent British average increase from July 1990 to July 1991 is "staggering" and is nearly three times the 5.8 per cent domestic inflation rate. It also predicts that big price increases will continue.

It calls for a radical review of the pricing structure of the water industry with greater flexibility and more influence for the customer.

Britain climbed from ninth to sixth place in the international table of water costs compiled by the organisation which provides an energy, water and telecommunications cost control analysis for 750,000 businesses worldwide. The UK average price is 48.14 pence per cubic meter.

Byatt: critical

Australia still tops the league table for expensive water, at 87.72 pence per cubic meter despite a modest 4.2 per cent increase in water prices over the past year, against a 4.8 per cent inflation rate.

The prices have been driven up by several years of bad drought but the recession has forced the government to keep price increases at a minimum over the past year.

West Germany is the second most expensive at 72.39 pence, although prices rose by only 3.1 per cent in line with 3 per cent inflation. Figures are only compiled for the western half of united Germany where prices are expected to remain stable. But big price rises are expected in east Germany to bring water supply up to western standards.

In Italy, third from the top of the table at 70.42 pence, a 19.6 per cent price rise over the past year, was nearly three times the 6.6 per cent inflation rate.

This follows a 19.8 per cent increase the previous year when municipalities were allowed to recover the full cost of water and sewage systems.

"The future for Italian consumers continues to look dismal with the possibility of further massive rises next year," says the report.

In France, water prices rose 5.2 per cent compared with inflation of 3.2 per cent.

The figures for the United States showed a water price rise of just over 15 per cent: three times the 5 per cent rate of inflation. However, the rise was heavily distorted by big increases at Los Angeles and Newark.

The survey comes at a time when UK water industry prices have been strongly criticised. Mr Ian Byatt, director-general of Water Services, accused water companies of charging for "non-existent" improvements when they failed to spend nearly £50m of the money scheduled for capital investment.

Last month he announced a review of the price limits covering the privatised water companies and warned that they could be paying too much in dividends.

Mr Andrew Johns, sales and marketing director of NUS, said a revision of the pricing structure was necessary to allow customers, particularly the large industrial consumers, to get cheaper water at off-peak periods. But the report estimates that even a tariff restructuring will not prevent further maximum annual increases in water prices in the UK because of shareholders expectations of higher profits and EC demands for improved standards.

Nuclear companies to challenge government on research

By Juliet Sychrava

THE UK's four state-owned nuclear companies are to meet Mr John Wakeham, the energy secretary, to press the government to clarify its long term nuclear policy and to spend more on research, Mr John Collier, chairman of Nuclear Electric, said yesterday.

Mr Collier said the industry is stymied by the government's lack of direction. But the industry must fund this research itself, according to the Mr Wakeham's department.

"What we want to know is, how much money can we spend, and if the government is cutting its spending. But we believe we should spend more: will the government as a shareholder allow that?"

The challenge follows reports on nuclear research published on Monday by the department and the industry.

Commenting on the government's commitment to nuclear research, Mr Collier said yesterday: "They have shrunk it and shrunk it and shrunk it".

It was impossible for the industry to make decisions because the government had no clear nuclear policy, he said.

In particular, the industry will press the government to rethink its decision to cut spending on fast reactor research after 1994, excluding its contribution to the European research programme.

The Nuclear Utilities Chairmen's Group was set up in May to represent the four state-owned nuclear companies in the UK: Nuclear Electric, Scottish Nuclear, British Nuclear Fuels Ltd, and the Atomic Energy Authority.

Over the next weeks it will submit a strategy for fast reactor research to the Department proposing extending the life of the prototype fast reactor at Dounreay, Scotland. This will prolong cashflow from the reactor.

Meanwhile, the group suggests, the UK could save money by rethinking the timing of the European fast reactor research programme, to which it contributes around £12m a year through the department and £10m through the industry.

The programme, which is aimed at building a reactor from 1997, should be put back a few years, the group argues.

However, Mr Collier acknowledged, the group would ultimately be asking for more money. One problem with the fast reactors is their high capital costs.

A new reactor could cost up to 20 per cent more than Sizewell B, the pressurised water reactor being built by Nuclear Electric on the east coast of England at a cost of more than £2bn.

However, electricity from such a reactor would cost roughly the same "plus or minus 20 per cent," as electricity from Sizewell B, Mr Collier said.

"We will have to do some arm-twisting," acknowledged Mr Collier. "But our case is very strong."

In the future, he said, the nuclear industry could be the UK's only secure and environmentally sound source of domestic energy.

● Murton Colliery in County Durham may close with the loss of 950 jobs in north east England, British Coal said yesterday.

The threat of closure, because of geological problems, comes three weeks after the shutdown of Dawdon colliery at neighbouring Seaham with the loss of 576 jobs.

Mr Brian Wright, British Coal's new regional director, told union representatives that geological difficulties had caused losses of £3.7m in four months.

BUSINESS AND THE ENVIRONMENT

David Goodhart examines the German recycling initiative and **John Thornhill** explains why some packaging manufacturers are sceptical

Germany moves in front . . .

Germany is on the point of a recycling revolution. Its promoters are modestly calling it a "milestone in the history of industrial society" and a model for the rest of the European Community, if not the planet.

But the planned reforms for the recycling of packaging waste is also threatening to develop into a model conflict between environmental and competition/free movement of goods priorities.

The German authorities, usually on the side of the environment, are used to such conflicts and have won previous battles inside the EC over the introduction of catalytic convertors to reduce car exhaust emissions and the banning of non-returnable plastic bottles.

In both the latter cases importers, especially from France, cried foul, and they are doing so again over the new packaging rules. Companies from the UK and other EC countries have lodged complaints with Sir Leon Brittan's competition directorate in Brussels. And Germany's own Cartel Office in Berlin is also worried.

Yet, despite the enormous consequences for consumers, retailers, consumer goods and packaging producers, there has been remarkably little fanfare in Germany surrounding either the reforms, which are supposed to start taking effect at the end of this year, or the possible threat to them.

Hardly surprising, one might think, rubbish is boring. But in Germany rubbish is not boring. As any casual visitor to the country can hardly fail to notice there is already a well developed system for recycling glass bottles (more than 50 per cent of such glass is re-used) and paper (rather less than 50 per cent).

The effectiveness of recycling is a common theme of public debate as is the issue of burning rubbish. Indeed, it is partly because of the reluctance of local communities to tolerate the new incinerators required to destroy (west) Germany's 30m tonnes of household rubbish per year that the environment minister, Klaus Töpfer, has developed his Packaging Ordinance to combat the throw-away society.

How does it work? The Ordinance asserts that "the causers of packaging pollution – trade and industry – are in future to be responsible for taking back, recycling, re-using and disposing of their products". At the Environment Ministry and the BDI, the main German employers body, they talk about using market mechanisms to green the packaging industry.

But as the word Ordinance implies, the Environment Ministry has simply decreed that by 1 July 1995 80 per cent of plastics and paper and 90 per cent of glass, tin and aluminium must be sorted and recycled. About 72 per cent of drinks packaging is currently recycled in Germany thanks to conscientious consumers and the availability of local authority bottle banks, but extending that record to all packaging, albeit gradually, is an ambitious target.

As "incentives" for retailers and industry to establish their own disposal, sorting and recycling system, the Ordinance states that if the required recycling quotas are not reached a mandatory deposit (of up to 50 pfennigs per item) will be introduced from 1 January 1993 on nearly all forms of packaging. That is something which retailers will try and avoid at almost any cost.

The Ordinance provides a second "incentive" for industry to establish its own system by giving consumers the right to return packaging to the shop where it was bought, shopkeepers the right to return it to the consumer goods companies, and consumer goods companies the right to return it to packaging companies.

These obligations to take back packaging will be phased in: from December 1 1991 transport packaging can be returned to manufacturers and retailers; from April 1 1992 "inessential" packaging including plastic wrapping, paper and cardboard which is merely used for advertising; and from January 1 1993 all other "essential" packaging and containers.

Germany's recycling revolution could make landfill sites a thing of the past

To forestall used packaging mountains at the supermarket and factory gates industry has, as intended, established its own company, Duales System Deutschland (DSD), to establish a national disposal and recycling system which should form a parallel system to the existing local authority household rubbish disposal service.

About 400 companies have taken a nominal share in DSD, a non-profit making service company, which is now in the process of signing contracts with thousands of retailers, consumer goods and packaging companies, which want to join the system. The consumer goods producers have to pay about 2 pfennigs per packaged item – a cost that will naturally be passed on to the consumer – which allows them to carry a DSD green dot.

All packaging which carries the green dot can be placed in a yellow bin, to stand beside the black local authority bin outside homes. From there it will be taken to a sorting site either by DSD disposal men or the existing local authority workers, depending on local arrangements. (Glass and paper will in most districts continue to be recycled as it is now, although DSD may provide more bottle banks.)

After sorting into several raw material categories the packaging will be picked up, for free, by the packaging industry represented by companies such as Interseroh AG of Cologne, a specialist in paper and cardboard recycling, or by special industry association companies. DSD reckons that the system will require investment of about DM7bn (£2.4bn), mainly in building 200 sorting sites, and will be a major stimulus for the rubbish industry.

But the costs and benefits of the green dot system will be rather arbitrarily distributed by sector. Plastic, for example, is difficult and expensive to recycle and could create considerable costs for the plastic packaging industry. Aluminium, on the other hand, is easy to recycle and could create some healthy profits for the industry association company in charge.

DSD says that if plastic is too expensive to recycle it will be phased out and if aluminium is profitable it will feed back into lower prices for, for example, drink cans. But how this will happen is not fully clear.

Supporters of the system claim that it will reduce the quantity of packaging by more than 25 per cent within five years. Sceptics from the ecology movement believe that more efficient recycling of packaging will not create an incentive to use less.

It could, however, mean a serious loss of business for producers of raw materials, such as aluminium, which are easy to recycle. Some raw material producers have complained to the EC about the possible effect on prices of the green dot system.

The EC has not been particularly sympathetic to that cause but it is worried about how imported goods are treated by the system, despite the Environment Ministry's claim that the EC's own recycling plans are modelled on the German example.

If British or French biscuit makers have to apply a green dot only to their German exports it is a potential trade barrier. DSD says it is up to import companies, who usually repackage goods anyway, to apply the dot. But what about the many goods – Belgian batteries for example – which are now brought across the border into Germany without any re-packaging?

Another problem, pointed out by the German Cartel Office in Berlin, is that for the system not be overrun by free-riders the main retail chains will have to agree among themselves not to stock non-green dot products. That, however, would be an offence against cartel laws.

The Cartel Office is also unhappy about the various horizontal and vertical trade agreements that DSD has signed and with the fact that no competition between disposal and recycling systems is contemplated.

Jürgen Möllemann, the economics minister, might decide that environmental priorities take precedence over competition priorities and thus overrule the Cartel Office. But the Cartel Office is siding with the ecologists and says it is not at all clear that the system will have great environmental benefits.

Even if the EC and Cartel Office reservations are dealt with, German industry will be under tremendous pressure to get the system functioning smoothly and reaching its quotas by 1995. The trials conducted near Bonn have so far been relatively successful but 10m people are set to be operating at least the first stage of the system by the end of this year.

Producers and sellers of white goods and motor cars cannot indulge in schadenfreude, it is their turn next. Töpfer is working on similar plans to oblige car and white goods companies to take back the products and recycle as much as technically possible.

DG

. . . while industry explores alternative routes

Talk to anyone in the packaging industry for long enough and they will almost certainly wheel out the well-worn mantra that good packaging saves more waste than it creates.

They will point to statistics which show that countries which boast well-developed packaging industries waste only 2 or 3 per cent of distributed foods compared with around 40 per cent in many less developed countries such as the Soviet Union.

Packaging is good for you, they will cheerily argue.

The industry has therefore reacted with pique to the assaults launched upon it by the various environmental lobbies which depict it as one of the voracious monsters of the consumer age.

Such criticisms have stung the industry into action and over the past few years several international industrial associations have been formed with the aim of addressing environmental concerns.

Organisations such as the European Recovery and Recycling Association (Erra), the Industry Council for Packaging and the Environment (Incpen) and the Alliance for Beverage Cartons and the Environment have all expressed reservations about the German legislation which they fear may be adopted as the blueprint for the European Commission's packaging directive which is currently under discussion in Brussels.

In June, Erra, a Brussels-based organisation which addresses issues of solid waste management, presented its objections to the German packaging legislation to the office of Carlo Ripa Di Meana, the environment commissioner.

In particular, Erra targeted its fire on what it claimed was the deliberate preference for reusable and refillable containers over one-way packages – even if recyclable. It also attacked the refusal to accept energy recovery through incineration as a valid form of recycling.

These provisions, Erra argued, threatened to create barriers to trade within the EC because they unfairly hindered overseas competitors and restricted the free movement of goods into Germany.

In the same month, Incpen, a UK-based association which represents 60 international packaging companies, lodged an official complaint with the Commission which amplified many of the same concerns.

In contrast to the main thrust of the German experiment, these organisations believe that recycling must be primarily driven by the market, not by legislation. Recycling for its own sake makes no commercial sense and is, in some cases, of doubtful environmental benefit. The industry accepts it has to play a central role in finding solutions to the problems of consumer waste but it argues that commercial self-interest must be paramount if recycling projects are to be sustainable.

In contrast to the main thrust of the German experiment, industry organisations believe that recycling must be primarily driven by the market, not by legislation

Erra has therefore set up several projects to test the feasibility of various recycling schemes. By the end of 1991, Erra will have eight projects running in six European countries covering 100,000 households. Its aim is to establish a pilot plant in all 12 EC countries by the end of 1992.

The most developed of these schemes is based in the Adur district in Sussex, England, where a partnership is being forged between public authorities, industry, and the consumer. About 25,000 households are participating in the scheme which aims to recover and re-use a wide array of consumer waste.

Blue boxes have been left with each household and consumers have been asked to deposit various recyclable waste materials, such as paper products, glass, plastics and cans into different compartments. When full, these boxes are collected from the kerbside and dumped in specially-designed dustcarts.

On reaching a central collection depot, the materials are sorted and the materials are sold to an array of private companies or incinerated to recover their energy content.

Peter Hindle, an associate director of Procter & Gamble who is the Erra task force manager for the Adur project, says: "We are all about finding a way of meeting industrial-scale recycling which will be good for society and for our businesses." The scheme is running at a loss of £10 a household per year but he believes it can reverse this if commercial waste is collected.

Such projects are being watched by the UK government and not least by Erra's members which include consumer and packaging companies such as BSN, CMB Packaging, Coca-Cola, Heineken, Nestlé, Pepsi-Cola, Procter & Gamble and Tetra Pak.

Hindle remains suspicious of governments setting seemingly arbitrary targets for recycling in response to environmental pressures. He argues that governments must set the national environmental priorities and leave it to industry, local authorities and the consumer to work out the means of achieving those goals. "What we need from government is a vision of where our solid waste management system is going to be in the year 2000. Industry and society can then get us there in a logical and methodical manner," Hindle says.

JT

MANAGEMENT

Prospects for MBAs

Reality catches up with the hyperbole

Andrew Jack looks for cheer amid the gloom

Last year was not a happy one for David Edward. After five years' experience as a chartered surveyor, followed by a year studying for an MBA at Durham University, he spent nine months out of work and applied to almost 100 companies before finding a new job.

"It was a long slog and I got pretty depressed," he says. "I started to think: 'What's wrong with me?' It's difficult to maintain an air of invincible confidence in interviews when you keep getting rejected."

Stewart Taylor, a Canadian who graduated from the London Business School last month, has just flown back to his homeland in search of work. "It's been quite discouraging. I came to Britain purposely wanting to work in Europe but no one is hiring," he says.

"I've talked to a lot of firms who say they are very interested. Then comes the big BUT: come back in three or four months, we're not recruiting now," he says. Hardly a promising response for someone attending one of Britain's top business schools, who has sacrificed two years' earnings and paid £13,650 for tuition alone.

Current prospects for the latest wave of Masters of Business Administration could not be worse. "I don't want to give figures for unemployed MBAs," says Wendy Hall, placements officer at Cranfield School of Management. "They don't need further discouragement."

However, she admits that the number of MBAs graduating this year and still looking for work is double the level at this time in 1990. Many more are being driven by a lack of alternatives into setting up their own businesses, taking temporary work or freelancing.

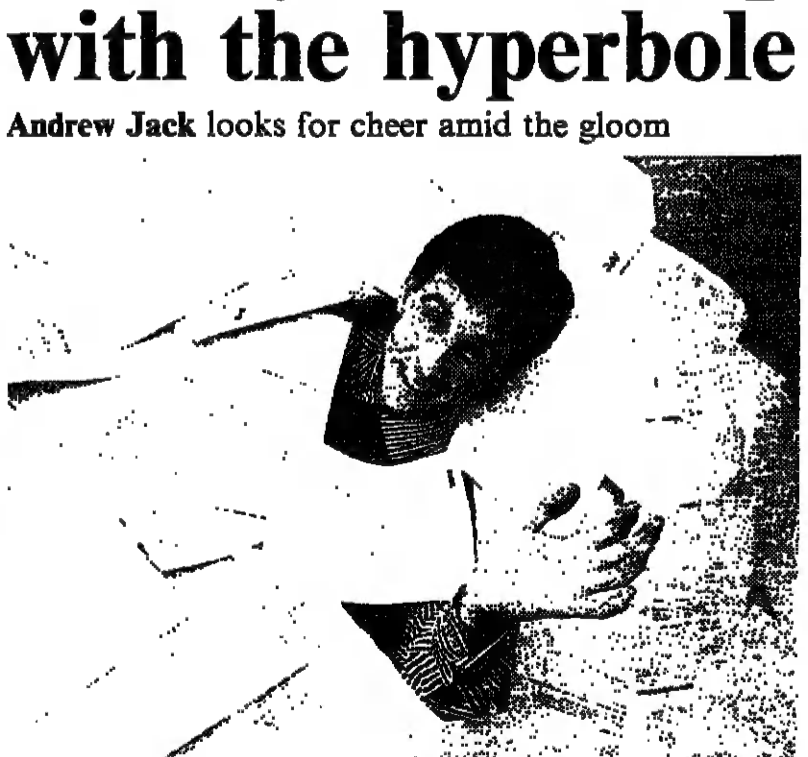
Kay Langley-May, placement manager at City Business School, whose course runs until September, says: "Last year was a nightmare, the worst I've seen. It's quite a change from the razzamatazz in the City in the early 1980s when I first started."

She says she has found it difficult to concentrate on finding jobs for those finishing in the autumn when recent graduates who have been made redundant continue to visit her office. She has also noticed that more potential students are asking what prospects are like before they decide whether to accept a place with the school.

In this environment, it comes as no surprise that wide publicity was given to a recent study which argued that employers had little interest in MBAs. A series of scathing interviews suggested an imbalance between the number of degrees being awarded and the perceived need for them.

"British companies don't value training and education," says Peter Lloyd-Thomas, founder of MBase which produced the report. "Young people are given the impression that the MBA is the panacea, the key to unlock riches. In fact, you're much better off with an accounting qualification."

Lloyd-Thomas (himself an MBA graduate from Insead) founded MBase a year ago to match job-hunting MBAs with employers looking for recruits. The response has been disappointing, and he is now having to broaden the company's focus.



Colin Beere

David Edward: not waving but drowning in a sea of rejections

Ian Evans, chairman of LEK, UK management consultants, says the majority of consultants his firm hires are MBAs. He believes the quality of the degree has remained consistent or even improved over time.

Nevertheless, the firm has never hired from any British business school. "The quality is too low," says Evans. "We have tried a few times and always come away disappointed." LEK has also lost interest in recruiting from many north American schools including Harvard, whose admissions policy Evans says has become "wayward".

David Edward, who worked for Matthews and Goodman, a firm of chartered surveyors, before doing his MBA, had hoped to move into a different area. But he found many companies hostile or else mystified by his degree.

"It's difficult to pitch yourself in interviews," he says. "People are either suspicious because they don't know what an MBA is, or else they have a certain image, and assume you must be arrogant and want a red Porsche and £50,000 a year."

"I always thought going off and getting management skills would be very useful," he says. "I didn't take on board that one reason employers don't have any MBAs is they don't see the need for them." In February, he joined Drivers Jonas, another chartered surveyor which employs several MBAs, including the managing partner.

Professor Andrew Lock, dean of the faculty of management and business at Manchester Polytechnic, wonders whether the current questioning is anything new. Employers may view MBAs with hostility partly because they offer staff a degree of independence and mobility. But he says most surveys of graduates show the vast majority remain very satisfied with their degree.

George Bain, dean of the London Business School, says: "There is no doubt that some of the claims for MBAs have been over-hyped as a passport to success. They are certainly still less well regarded in the UK than they are in the US."

Nevertheless, he warns that the MBase survey is simply a snapshot. Bain says it gives no indication of whether employers' perceptions are improving – which he believes to be the case – nor does it contain any hard figures. Lloyd-Thomas counters that the available statistics are too easy to manipulate to be meaningful.

As Roger McCormick, director general of the Association of MBAs, points out, demand for MBA degrees continues to rise strongly. The number of British students graduating with MBAs from British business schools has risen from 1,100 in 1980 to 4,500 in 1991.

The great majority of students today are in part-time study or use distance learning, ie they follow an academic course at home or in the workplace. Furthermore, despite the negative rhetoric highlighted by studies such as the MBase one, most students are supported financially by their employers.

Future demand is more difficult to gauge. McCormick says that business schools tend to discourage applications from those they consider unsuitable, so figures are deceptive.

Anecdotally, employers certainly seem less enthusiastic about recruiting at the moment. Most placement officers concede that the number of companies visiting campuses to find staff has fallen sharply.

The recession explains in large part this declining demand for MBAs among employers. A recent drop in business has forced LEK, for example, to ask three consultants it sponsored on MBA courses to keep the money and find a job elsewhere.

Hilary Seers, a consultant with Boyden International, a firm of headhunters, points to the effects of the economic downturn. "MBAs are now having to go out and find their own jobs. I feel sorry for them but it's no worse than for others operating in the general marketplace."

She says the bright young managers who studied for an MBA as a quicker route up the corporate ladder will emerge unscathed from the recession. Those using the degree to change career are finding it more difficult as employers look for experience in related sectors. The ones who really suffer are the less gifted students who assumed the mystical powers of the MBA would somehow boost their job prospects.

But recession aside, there remain serious questions about quality. Demand for MBAs may be continuing to rise because some misguidedly see the degree as an unfailing key to success.

There are now 76 schools offering MBAs in the UK. Clearly, some have entered the market so they can reap high fees, says the LBS's Bain: "There are not enough high quality faculties in Britain to support that many courses."

At the same time, even the more highly regarded business schools in the UK are having to follow their counterparts in the US and re-examine their curricula.

Employers do not simply choose recruits because they have an MBA, but a quality degree may well enhance the skills of good individuals. As George Bain says: "The question has become not: 'Have you got an MBA?' but 'Where did you get it from?'"

Design-led change: from quantity to quality

Charles Leadbeater on Matsushita's newly-formulated strategy

Masatoshi Naito was not mincing his words. He was addressing a group of middle-aged, neatly dressed, conservative-looking men – the board of Matsushita, the huge Japanese electronics group.

Naito, the director of Matsushita's corporate design centre, was there to persuade them why the designer's skills are crucial to the group's future.

He recalls warning them that tastes and expectations were changing and that the company had to change with them. Speaking earlier this year, Naito put it in these terms: "You probably think that design is not central, that it is a task which belongs merely to women and children. If you went to modern bars and restaurants in the city you would find them unpleasant. But the world is changing and we have to change with it."

It was a blunt message to deliver to the ageing leaders of a company legendary for its tradition of unstinting discipline and hard work. If design is to become more central at a company as strait-laced and hierarchical as Matsushita, a sweeping change to its culture will probably be needed.

Naito's push to make Matsushita more aware of the importance of design is indicative of a growing recognition among leading Japanese manufacturers that design will become increasingly important in sharpening their competitive edge.

With basic micro-electronic technologies becoming widely available, it is becoming harder for consumer electronics groups to gain competitive edge simply on the basis of technological prowess. Design is becoming more important in adding value, creating distinctive products and generating demand in near-saturated markets.

The first signs of that cultural change at Matsushita are already becoming apparent; in the course of the past year Matsushita has been developing a clutch of limited edition "designer" products.

Recent advertisements in Japan have featured individual designers alongside their products. Singling out individuals for such public exposure would have been unheard of even five years ago at a group which has traditionally stressed the importance of collective effort and discipline.

This autumn Matsushita will launch its first corporate design strategy by pulling together the disparate design efforts of its various divisions with the aim of creating a more coherent corporate design style.

This design style is intended to feed through a wide variety of products. The corporate design office at Masushita's headquarters in Osaka, south of Tokyo, will be given a more central role. Naito explains:

Singling out individual designers for public exposure would have been unheard of even five years ago

"There has been a lot of design activity at Matsushita but it has never been drawn together in this way."

The model which epitomises the corporate strategy is the Gaoo television, the group's best-selling television in Japan, marketed under the Panasonic name. Matsushita dubs it "noiseless technology".

The Gaoo was the work of two young designers who pushed the development of a new plastic which houses the television's audio speakers in its sides. The plastic allows the speakers to deliver high quality stereo sound but they are indistinguishable from the rest of the plastic surrounding the screen.

There are no knobs, switches, buttons, panels or lights to distract the viewer. The television is adjusted by an innovative hand-held controller. As a result, nothing disrupts the seamless matt black exterior finish.

The improving status of the company's 450 designers is a far cry from the position in 1951 when the Matsushita design department was created with just three designers after the company's founder visited the US and found that radios with a distinctive design sold for a premium.

Naito says: "Then the designer's job was to put some clothes on a product developed by the engineering department. In the 1960s with production growing so fast it was just a question of covering the products. It is quite doubtful whether design was at all creative in those years."

The growing stress on design at Matsushita is a reflection of changing consumer demands, particularly in the domestic market. Naito says: "The emphasis is moving from quantity to quality. Consumers want higher quality products and design is a vital component of quality."

However, that does not mean most of the design effort will go into the style of a product. Naito says: "Design is not just a shape or a form but realising what a consumer needs and making a product which meets those needs. Consumer needs have to be the starting point rather than just seeking to differentiate a product superficially."

That attention to consumer needs is perhaps the main reason why Japanese consumer electronics groups have risen to dominate the industry internationally.

The Japanese market, swarming with discerning consumers able to choose from among products offered by a clutch of competing domestic electronics manufacturers, is the most demanding in the world. It is this competition that has given manufacturers the muscle to capture overseas markets.

However, Matsushita, in common with many other Japanese manufacturers, is not relying on designs dreamed up for the domestic market to secure their competitive edge. Matsushita is internationalising its design effort to draw upon different tastes and lifestyles. It has 40 designers working overseas and every designer will at some stage work in foreign markets.

So will Matsushita's design strategy mark the start of a distinctive Japanese styling in consumer products? Naito says: "It is now possible for us to start showing the world some original design work."

ARTS

TELEVISION

Good sense in the silly season

It is midsummer and once again the cry goes up that television is chock-a-block with repeats and low quality imports. *Did you* watch television last night? There were certainly repeats: the excellent BBC1 comedy *Waiting For God*, the revolting *Rab C. Nesbitt*, *Horizon's* report on the Soviet space programme, and *The Best Of Tommy Cooper*. Imports, too: BBC1 filled much of its schedule with a Canadian mini-series called *Love And Hate* and an episode from the American police series *Cagney And Lacey* (also a repeat, incidentally).

BBC2 offered an American movie and an American comedy (*Bilko*, another repeat of course) and Channel 4 began the evening with two American comedies (*Duet* and *Happy Days*, yet another repeat) and ended with an Australian movie, a 30-year-old American drama (*Dick Powell Theatre*) and an American jazz programme. It has always seemed to me that some programmes greatly deserve more than one screening, and general condemnation of repeats is absurd, as is the blanket dismissal of imported programmes.

The fact remains that many viewers regard high proportions of repeats and imports as signs of a low quality service; hence the complaints about the current schedules. Yet the gist of this *column is the suggestion* that, even at this low point of the year, British television is offering some admirably high quality and serious television. The question is, how long it will be able to go on doing so now that the industry seems to be hovering at the top of a set of downward spirals?

With commercial television companies caught in the Thatcherite trap of the blind auction, the BBC apparently facing a future of perpetual belt-tightening imposed by the Government, and satellite seemingly incapable of funding original dramas or documentaries (or anything original other than a 24-hour channel of news and current affairs), the depressing question facing us is whether we are living through the twilight era of a high quality British television service which has often been described (by the choosy and more extensively educated, anyway, and not only by chauvinistic Britons) as the best in the world.

Legacy, which began on ITV last night, is the sort of series to which, more often than not, they have been referring. Produced and directed by Peter Spry Leverton, who was responsible for *The Making Of Mankind*, with Richard Leakey, and more recently for *the series Japan*, and presented by Michael Wood who had such success with his "In Search Of . . ." series, *Legacy* is a remarkably ambitious sequence of six one-hour programmes looking for the origins of what we call civilisation and attempting to identify the connections between those origins – in India, China, Egypt and so on – and our lives today.

Given two such masters of the medium as Spry Leverton and Wood, last night's opening was slightly disappointing, perhaps because the desert landscape of Iraq is, today, close to characterless and boring. Maybe there is no way to avoid starting such a series on the banks of the Tigris and Euphrates *so that you can say "This was the* Garden of Eden", but it is with next week's programme on India that the series really comes alive. Wood's enthusiasm for India's odd mixture of spirituality and liberal *humanism comes* across powerfully, but the most heartening aspect of the programme (which *is beautifully photographed) is that it* treats its audience like intelligent adults.

Wood delivers one memorable passage to camera which begins with the Buddha, moves on to the notion of the Axis Age (Isaiah, Confucius and the Greek philosophers all alive in the same period) then to a seemingly universal *philosophical* crisis involving the nature of god, the meaning of life and the authority of king and state, points us forward to the question which has remained with us – how does the state persuade its *citizens* to "be good", *to act* in a moral manner – and then identifies the contrasting ways in which civilisations have dealt with these huge questions: monotheism in the near east, trickling down into the "Christian" west and Islam; the Confucian idea of a perfectible moral order; and the Indian assumption *that all material life is illusory* and enlightenment comes only with its rejection.

Michael Wood, in Iraq for the first part of "Legacy"

"And so the social and economic character of these great economic blocs is *still shaped by that revolutionary* epoch even today," says Wood, with that attractive note of amazement in his voice ("Isn't this fascinating? Can you believe it? Wow!"), whereupon the *picture cuts to an astounding shot of* a train in the Khyber Pass with a locomotive at each end belching black smoke, the message being that this was the route by which the Aryans entered India and began the great *east-west* clash. The third programme, on China, is almost as contagiously exuberant, very nearly as dense in its mass of material, and it shows Wood at his vivid best when giving a thumbnail analysis of the Opium Wars.

This is programme-making of a high order. Done badly, cheaply, or by the wrong people it could be embarrass*ingly pretentious, or boring, or chaotic,* or all that and more. It does not use the language of *Home And Away* nor is it aimed, as are *Little And Large* and so many other programmes on television, *at audience maximisation. This is not* to suggest that television should eschew undemanding programmes, rather it is to emphasise how encouraging it is to find even a few in which the *quality of the content is more significant* than the ratings. *Legacy* is not the only one.

Tonight brings the last in the present series of *Disappearing World*, an *anthropology series which ITV has been* running on and off for 21 years. (Tonight's programme, about the Kawelka tribe in Papua New Guinea, and the attempt by Ongka to organise a huge "moka", the presentation of a vast set of gifts, mainly pigs, which will *eventually require reciprocity* with interest, is actually a repeat of one of the 1974 series). Last week's episode about Maya Indians in Guatemala showed the producers in an odd light, seemingly admitting their own inability to come to terms with the locals, but there was still no doubt about the ambi*tions of the programme.*

There is one crucial difference between *Legacy* and *Disappearing World*. The first is produced by Central Television, which gambled on being unopposed in the franchise auction and is believed to have bid as little as £1m for the renewal, a figure which puts Central in line to make massive profits since it does, indeed, seem to have been the only bidder in its region. *Disappearing World*, however, is made by Granada, and their bid of around £20m is *thought to have been topped* by two other groups which are after their licence.

This week, stockbrokers James Capel have joined those of us who, all along, *looked in disbelief and despair at the* appalling blind auction system for the franchises. In a report published on Monday they described the system as "possibly the most ludicrous in corpo*rate history". Poor quality programmes* and repeats would not only increase, but would become the general rule, they said, as a result of over-bidding. If Granada goes, perhaps we can look to Central, *with all those disproportionate* profits swishing around, to take up such long-term high quality series as *Disappearing World* and *Man And Music* . . . or perhaps not: the other *members of the ITV network* will hardly want to sully their BARB figures with high quality material of that sort when they could be earning another million or so with Cannon and Ball to *pay off another fraction of the Treasury* take.

There *are* still high quality programmes around and, thanks to the massive lead times needed nowadays to *produce major series, there will be* more filtering through for some time yet. But viewers might be well advised to catch them because – according to more and more expert advice – the mixture of repeats and cheap imports which so many people currently see as a shameful summertime economy measure may well become standard fare throughout the year in future.

Christopher Dunkley

Formidable authority: Bulat Minzhilkiev as Prince Khovansky

Kirov Opera

EDINBURGH FESTIVAL

The famous Kirov company is visiting Edinburgh for most of the festival, and most intensively: *not only three operas* put on at the Playhouse, beginning with Mussorgsky's *Khovanshchina*, but concert performances during all this week of *the rest of that composer's* operatic work. Apart from *Boris Godunov*, all of the latter remained unfinished, so there are rich and unfamiliar discov*eries to be made. Mussorgsky* left even *Khovanshchina* unorchestrated; the Kirov company uses the fine, faithful version Shostakovich made in 1959, *including scenes that have not*, I think, been performed in Britain before.

For all its epic breadth and colour – and partly because of them – *Khovanshchina* has one of the densest and most confusing plots in opera. One grand tableau succeeds another, without smooth transitions. Warring conspirators abound, but we never see the ultimately triumphant faction, that of the young Tsar Peter and the regent Sophia (we are in 17th-century Russia); and insofar as the story has a central *focus*, it is on the marginal Old Believers, unregenerately orthodox, who immolate themselves at the end.

Though the surtitles here were helpful, if erratic, it *seemed poetically apt that they* went blank from time to time and left us in the dark. Not literally, of course: the wonderfully picturesque Kirov sets (by *Fedorovsky*), *which seem to* come from another age, provided glowing vistas, and not just backdrops for the riot of bright costumes – which were *of course impeccably clean and* fresh. Tarkovsky's magnificent Royal Opera *Boris*, ankle-deep in mud throughout, must have astonished the Kirov audience in Leningrad last year.

The action was rendered in the statuesque, stand-and-deliver fashion which is apparently still the norm in eastern parts. *Much dignity, nothing* hammy – but nothing too overtly dramatic, either: for much of the time, everybody seemed to be moving underwater. *The* great confrontation between the senior monsters, Princes Khovansky and Galitsin and the Old Believers' leader Dosifei, was decorous to the point of stasis. As individual characters, nevertheless, each *of them* was projected with formidable authority, respectively by Bulat Minzhilkiev, Alexei Steblianko and Alexander Morosov.

With a distinctly more "modern" *ring, the tenor Yuri Marusin* made a strong younger Khovansky. On Monday, Evgenia Gorokhovskaya sang the Old Believer heroine, his *rejected Marfa, with sweetness* and simplicity (though one heard excited reports of Olga Borodina's Marfa last Saturday). Particularly striking were Valery Alexeev's Boyar Shaklovity and Konstantin Pluzhnikov's Scribe, who looked and sounded like creative heirs of a splendid tradition. Among the *smaller roles, the scrupulously* sung Pastor of Vasily Gerelo – one of the youngest Kirov recruits – indicated an artist of high promise.

The conductor was Valery Gergiev, who is responsible for the entire Kirov programme here. Dedicated Mussorgskian that he is, he achieved a superb luminosity and sweep. If some tempi seemed a touch too stately (but never limp), I suspect that the singers' Kirov style required that. They do not – and probably will not – rush things. The performance lasted well *over 4½ hours.*

David Murray

Choirs at the Proms

ROYAL ALBERT HALL & RADIO 3

One of the most important and rewarding features of the annual Proms schedule is the regular presentation of choirs and choral works of every type. This is, after all, a hall built to flatter choral ranks (of whatever size) in full cry, and *on occasions when the sound* issuing from those ranks is made to blaze, the thrill is incomparable.

Sometimes, however, a feel*ing of routine seeps in, and* then the thrill is dampened. It was hard to pinpoint why Sunday's collaboration between the London Mozart Players and the BBC Singers under Jane Glover should so signally fail to catch fire. The programme consisted of Britten and Mozart choral works (the former's 1963 *Cantata misericordium*, the latter's "Credo" Mass, K. 257, neither *of them* exactly in the "done-to-death" category) separated by Bach and Lennox Berkeley instrumental ones.

All the performances were *tidy, fluent, and musicianly*; the choral singing had that unflappable reliability and exactitude that always marks BBC Singers outings. And yet *the sum total was mild, easy*going, unengaging. For this one should perhaps seek not a single explanation, but rather a variety of explanations. Dr Glover always conducts Britten with particular authority and feeling – but this is surely one of his weakest compositions, an expert assembly of Britten tics and mannerisms rather than an urgent artistic conception passionately realised.

The "Credo" Mass is, of course, young Mozart, and *mainly (at least until the* "Agnus dei") a succession of cheerful, bustling pleasantries; it needed either a larger complement of choral voices or else a *more distinctive-toned*, less relaxed delivery. In the Bach concerto for oboe and violin, the smoothing-out of rhythmic accent in the strings was a by-product of the hall's resonance that wanted more assiduous counter-acting; in the Berkeley Divertimento, the cautious, costive nature of the musical invention *is* a continual disappointment.

At least, though, the performances were all fluent and well-proportioned. Of Monday's BBC Symphony Orchestra Prom, conducted by Matthias Bamert, one could hardly say the same. This was the oddest occasion: three extrovert, high-coloured celebrations of unashamed *bellicosity in music* – Chaikovsky's *Marche slave*, Liszt's *Hunnenschlacht*, a concluding account of the Prokofiev *Alexander Nevsky cantata featuring the combined* BBC Symphony and Philharmonia Choruses – reduced to monochrome limpness by tame, nerveless conducting. Mr Bamert is a serious, rather cerebral Swiss musician who has done notable service in the field of contemporary music. How he came to be "cast" in this *particular concert programme* is a complete mystery.

Maybe all the rehearsal time had been spent on placing accurately the teeming *rhythmic units* and buzzing cross-currents of Martin Butler's *O Rio* (a BBC commission) – certainly, the playing of Monday's premiere had a *flair* not evidenced elsewhere. This was Butler's first big Prom showing; the chance has been seized with masterly confidence. *O Rio* is a brilliant orchestral showpiece that combines cunning (the influences of *Petrushka*, *El salon Mexico*, pop and Latin-American music, wittily absorbed), good humour, and a rare command of overall shape and impetus.

A subtle post-Impressionist feeling for mixtures of sun and shadow in the colouring proves to be one of Butler's less predictable gifts. Altogether, he here shows himself a young English composer with a voice refreshingly free of native hesitancy, and entirely his *own*.

Max Loppert

Coppelia

FESTIVAL HALL

When I hear the first chords of *Coppelia's* score in the theatre, I know that all's for the best in the best of all possible worlds – at least for the duration of the evening. Things may be horrid elsewhere, but the spell cast by Delibes' radiant melodies is so strong, so entrancing, that a ballet-lover will surrender totally to it. This week English National Ballet has revived *Coppelia* in Ronald Hynd's happy *staging*, and this blessed and beautiful ballet is once again there to lift an audience's hearts by the sheer felicity of its components.

Hynd's production is sensible in its attitudes. The narrative tells its simple truths about love triumphant over obstacles; the score puts a *spring into every step*; the choreography is decently attentive to the old and wise Russian text that we have had in this country for nearly 60 years. In a programme *note Hynd tells* us how he fell in love with *Coppelia* because of a war-time performance by Pamela May with the Sadler's Wells Ballet. *So did all of us fortunate* enough to see that witty, elegant ballerina. Memories of her bewitching performance are a reminder that Swanilda is not merely a soubrette role, *but* one that calls for grand technical and stylistic gifts – unbending to the charm of the character, *no* doubt, yet with a necessary physical dignity to show off the dances fully.

It was this true ballerina aspect that was missing from the interpretation of Agnes Oaks, the Swanilda of the opening performance on Monday night. With her blonde, charming good looks, and her light, easy style, she showed us a young and sunny peasant heroine. There are, though, dignities to the choreography, *a sense in which it speaks* about the power of classic dancing as well as of Swanilda's nature, which Miss Oaks has yet to discover.

No such problem with Thomas Edur's Frantz. Mr Edur's dancing has been the revelation of ENB's year, and his admirably rounded and noble style, *the dignity and* truth of his characterisations, have given his every appearance a rare distinction. To the shadowy and not especially *loveable personality of Frantz* he brings an emotional vitality that makes for immediate credibility. The character gains in sincerity; the dancing is buoyant, joyous, well-mannered, so that Frantz's personality is redeemed from oafishness.

From ENB's artists, liveliest support, bright physical rhythms, honest delight in their roles. *Coppelia* is good for dancers and audiences alike.

Clement Crisp

The Bruce

ST BRIDE'S CENTRE, EDINBURGH

It is remarkable to an Englishman that R.S Silver's magnificent play *The Bruce* should never have been performed in full until this week *some 40 years after it was written*. To a Scotsman it must be absolutely astonishing.

The play is not just a hymn to Scottish nationalism. It is *too intelligent to be so narrowly* confined. The real scene is freedom, though it is seen largely in a Scottish context. One of the reasons why it has not been performed before is that it is a work of epic scale. In Edinburgh it is done in the St Bride's Church, which has high stained glass windows as a *suitable background. Yet it* would still stand up, I think, in more mundane surroundings.

Silver is a polymath, much of whose main work has been in the sciences in the Scottish universities. He wrote *The Bruce* shortly after the Second World War and partly in reaction to it. The play is a kind of declaration of human rights. The Baltic States would love it. But it is also quite subtle: there is sympathy for the enemy, provided he sticks to *his own territory.*

The subject is the English occupation of Scotland in the 14th century, which led the Scots to resist under Robert *The Bruce. It also led to the* Battle of Bannockburn, which the Scots lost. According to Silver, however, their great achievement was that afterwards, the defeated Scots issued the Declaration of Arbroath. This asserts the desire to be free from foreign domination and – much more *radically given the time that* the declaration was written – that the King should be thrown out if he betrays national freedom.

All of that is broadly *historically* true. The question was whether it would work on stage. At first the answer seems doubtful. *The Bruce* starts more as a pageant than a play; it tends to declaim rather than argue. But that is not how it goes on.

Watch the agony of the English king as he sees his territorial gains threatened by the Scottish revolt. *Note the frightened* English soldiers complaining that the Scots will not *come out and fight a pitched* battle. Then see The Bruce's Henry V-like speech on the eve of Bannockburn. That is where he recognises that the English *have a right to their own* nationalism and their own home, provided that they lay off conquering other people.

The supreme cleverness is *that the Battle of Bannockburn* does not take place on stage. *There is none of that clashing* about with swords that can be *such an embarrassing feature in even the best productions of* Shakespeare. The cerebral Silver just lets us know that the battle was lost, then moves into the debate.

Alec Heggie plays the Bruce. The production is by the Brunton Theatre Company, directed by Charles Nowosielski. The Scottish accents are heavy. I did not always recognise that the play is in verse. Whether it would thrive south of the border is questionable, but it is a risk worth taking. In Edinburgh it is an experience, a discovery and a pleasure not to be m i s s e d.

Malcolm Rutherford

INTERNATIONAL

ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Neeme Järvi conducts Royal Concertgebouw Orchestra in Weber's Oberon overture, Tchaikovsky's Third Symphony and Beethoven's *Fourth* Piano Concerto, with Boris Berman. *Fri: the same artists perform* Mozart's Piano Concerto No 20 and Mendelssohn's Fourth Symphony. Tomorrow: *Ton* Koopman directs the Amsterdam Bach Soloists (6718 345)

■ ANTWERP

Park Den Brandt 20.00 Opening concert of Flanders Festival Jazz Week, with the Sadi Quartet followed by the Philip Catherine Trio. Tomorrow at *13.00: Andy* Sheppard Quintet. Fri at 17.00 Chris *Jouris Septet* (233 7160)

■ BUDAPEST

Buda Concert Hall 19.00 Folklore *performance* by the Hungarian State Folk Ensemble, also tomorrow and Fri (Corvin ter. 8). A similar programme is *offered* by the Folklore Theatre Company, *every evening* at 21.00 at the Municipal Cultural Centre *(Fehervari ut 47)*

Convention Centre 20.00 Paul Capolongo conducts the Hungarian State Symphony Orchestra. Sun: Zoltan Pesko conducts Hungarian *State Chorus and Symphony* Orchestra (Jagello u. 1-3). Tomorrow at 21.00 in the Margaret Island Open-Air Theatre: concert in honour of visit by Pope John *Paul to Hungary (pre-booking* at Philharmonic booking office, Vorosmarty ter 1)

Merlin International Theatre 19.30 Franz Molnar's popular *entertainment The Play's The* Thing, performed in English. Daily except Sun, in courtyard of the City Council, Gerloczy u. 4 (117 9338)

■ FRANKFURT

Alte Oper 17.00 Karlheinz Stockhausen opens the 1991 *Frankfurt Festival in the Mozart* Saal with three works played by Suzanne Stephens, basset horn, and Kathinka Pasveer, flute. At 20.00, Claudio Abbado conducts the Gustav Mahler Jugendorchester in Mahler's Fifth Symphony and Schumann's Cello Concerto, with Natalia Gutman. Tomorrow: Loris Tjeknavorian conducts *Tchaikovsky's Fifth*. Fri and Sat: Rostropovich conducts Prokofiev and plays Bach (1340 400)

■ LONDON

MUSIC AND DANCE

Royal Festival Hall 14.30 and 19.30 English National Ballet in Ronald Hynd's production of Coppélia, *also tomorrow*, Fri and Sat (071-928 8800)

Royal Albert Hall 19.00 Libor Pesek conducts the Royal Liverpool *Philharmonic Orchestra in* Dutilleux's Mystère de l'instant and Tchaikovsky's Sixth Symphony, *with John Lill soloist in* Beethoven's Third Piano Concerto. At 22.00 Valery Polyansky conducts the USSR Ministry of Culture Chamber Choir in Rachmaninov's All-Night Vigil (Vespers), ending at about 23.15. Tomorrow: Takuo Yuasa conducts Schubert's Great C major Symphony (071-823 9998)

THEATRE

Royal Shakespeare Company In the Barbican main theatre, Ian Judge's colourful, camp production of The Comedy of Errors can be seen tonight, tomorrow, Fri and Sat. *Nicholas Hytner's production* of King Lear follows on Mon and Tues, with John Wood in the title role. (071-638 8891).

New Shakespeare Company At the Open Air Theatre, Regents Park, tonight's performance is of The Boys from Syracuse, Rodgers and Hart's witty 1938 variation on the theme of The Comedy of Errors, *in a production directed by Judi* Dench. Tomorrow and Fri, Roy Hudd stars as Bottom in A Midsummer Night's Dream, in a production which plays the comedy *to the hilt. On Sat, Mon and Tues,* Peter Woodward and Nichola McAuliffe are the leading couple in Macbeth (071-486 2431).

For information about other shows, *phone Theatreline from anywhere* in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ ROME

Caracalla 19.15 Concert by soloists of the Teatro dell'Opera, followed *at 21.00* by Zorba the Greek ballet, *repeated on* Sun. Sat: Nabucco (488 3641)

■ NEW YORK

MUSIC

Avery Fisher Hall 20.00 Andre Previn is conductor and soloist *in Mozart's Serenata Notturna and* Piano Concerto No 24, plus Haydn's Symphony No 102. Tomorrow: Pinchas Zukerman plays Mozart violin sonatas. Fri and Sat: Previn conducts *Mozart's Prague* Symphony (875 5030)

New York State Theater 20.00 Joseph Colaneri conducts Cynthia Auerbach's production of La bohème, with Michele Boucher as Mimi, also Sat. Tomorrow: Turandot. Fri: La traviata (870 5570)

OFF BROADWAY THEATRE

● My Son The Doctor is Marc *J. Bielski's contemporary family* comedy, directed by Jeffrey B. Marx, about a man who suddenly changes his life's ambition, disrupting the worlds of his *parents, aunt, cousin and girlfriend* (Irish Arts Center, 553 West Fifty-first Street, 247-6078).

● Lusting After Pipino's Wife is Sam Henry Kass's comedy in which *four working-class singles find* that the only thing worse than being alone is being involved (Forty-fifth Street Theater, 354 West Forty-fifth Street, 564-8038).

● And The World Goes 'Round is a musical entertainment celebrating the 26 years of compositions by Kander and *Ebb*, authors of Cabaret and New York, New York (Westside Theater, 407 West Forty-third Street (307-4100).

● Breaking Legs is Tom Dulack's comedy about what happens when the Mafia meets Broadway: Philip Bosco and Vincent Gardenia play *a pair of mobsters* who back a new play to promote their own interests (Promenade Theater, Broadway *at Seventy-sixth Street, 580-1313*). Ticketron answers inquiries and sells tickets (246 0102)

■ STRATFORD

Royal Shakespeare Theatre 19.30 Adrian Noble's production of Henry IV Part 2, with Robert Stephens as Sir John Falstaff. Tomorrow: *matinee and evening performances* of Twelfth Night, directed by Griff Rhys Jones and designed by Ultz. Fri: Henry IV Part I. Sat: both parts of the play are given in matinee *and evening performances* (0789-295623)

Swan Theatre 19.30 'Tis Pity She's A Whore, by the English Renaissance dramatist John Ford. *Directed by David Leveaux, with* Jonathan Cullen and Saskia Reeves as the incestuous brother and sister, repeated on Sat. Tomorrow: matinee and evening *performances* of Shakespeare's early romantic comedy The Two Gentlemen of Verona. Fri: Thomas Shadwell's 1676 comedy The Virtuoso (0789-295623)

■ VIENNA

MUSIC

Auersperg 20.00 Yaara Tal and Andreas Groethuysen give a recital of piano music by Schubert and Mozart (4000 8400)

***Deutschordenshaus** 20.15* Ensemble Per Arte plays chamber music by Mozart and Vivaldi, performed in period costume, also tomorrow, Fri, Sat and Sun (679108)

***Konzerthaus** 20.30 Gert Hofbauer* conducts the Vienna Hofburg Orchestra in a programme of waltzes and operetta favourites, repeated tomorrow and Sat in the Hofburg Festsaal (587 2552)

***Konzerthaus Mozart-Saal** 20.15* Manuel Hernandez-Silva conducts the Vienna Mozart Orchestra, performing in period costumes with the soprano Nina Wadbro and *the baritone Andrea Martin.* Repeated on Sat (713 9951)

Palais Palffy 20.00 Eudora Price sings a selection of Bernstein, Cole Porter, Gershwin and Duke *Ellington (512 5681)*

Schönbrunner Schlosstheater 19.30 Vienna Chamber Opera's German-language production of Le nozze di Figaro. Last *performance tomorrow* (824566)

THEATRE

English Theatre 20.00 A.R.Gurney's Love Letters, runs till Aug 25 (402 1260)

Raimundtheater 19.30 The Phantom of the Opera, musical by Andrew Lloyd Webber. Daily except Mon (599 7719)

Theater beim Auersperg 20.15 Two plays by Ionesco: The Lesson and The New Tenant. Runs Tues to Fri till end of August (430707)

■ ZURICH

Villa Schönberg 19.30 Ensemble *Octomania gives an open-air* concert of music for wind ensemble by Franz Krommer, Stravinsky, Mozart and Schubert (Tram 7 to Museum Rietberg). The new *season at the Tonhalle opens on* August 23 with a performance of Dvorak's dramatic cantata The Spectre's Bride, with the Hamburg State Philharmonic Orchestra and *Czech Philharmonic Chorus* conducted by Gerd Albrecht (251 5900)

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Wednesday August 14 1991

Ending the Gatt round

TRADE NEGOTIATORS have duly failed to meet yet another deadline – the suggestion by Mrs Carla Hills, US Trade Representative, that an "action plan" for the Uruguay round of trade negotiations be completed by the end of July. Both they and their political masters now have until September to contemplate their sins and find the courage to complete the round.

The leaders of the Group of Seven industrial countries at their summit in London in July argued that the round should be completed by the end of the year. They have a strong case, even though the greatest danger is not the forthcoming American presidential election, as many suppose, but that the world would otherwise simply lose interest.

If a substantial agreement is to be reached by the end of the year, negotiators will have to agree on virtually all of the outstanding technical issues, as well as resolve some of the big political differences, within at most two months of the restart of serious negotiations in September. This is not impossible. How could it be, when two years ago the Soviet empire in eastern Europe collapsed in roughly the same amount of time? Given the track record of trade negotiators, however, it is unlikely.

Some may believe that the way to meet the deadline would be to accept a minimal package. But, while it would be foolish to allow the best to be the enemy of the good, the least may be the enemy not merely of the desirable, but even of the acceptable.

Necessary consensus

An agreement without the scope of the original Uruguay round declaration of 1986 would almost certainly fail to obtain the needed consensus of the contracting parties of the Gatt. An agreement without a substantial measure of liberalisation would also fail to retain either the interest in the Gatt now shown by both developing and former communist countries or the dwindling attention of the US.

How then is an agreement to be sought that is sufficient to make the round credible, but not so ambitious as to make it infeasible? The two areas in which substantial movement is needed soon are agriculture – in which the onus is on the European Community – and services – in which it is on the US. Of these, agriculture remains pivotal.

The reform of the common agricultural policy now under discussion does not need to be signed, sealed and delivered before ending the Uruguay Round. But this does not mean that the EC can stand pat on the inadequate negotiating mandate agreed last autumn.

Specific agreements

For one thing, the EC is now committed to making specific agreements in the separate areas of internal support, barriers to imports, and export subsidies. It will also have to make commitments on particular measures that may be used. In addition, liberalisation will probably have to be somewhat greater than that proposed last year.

EC negotiators need a new mandate. That mandate need not reflect full agreement on the reform of the CAP, but it must constrain the nature and direction of the reform. If the round is to succeed this year, the new mandate – better yet, a simple authority to reach an agreement – will be needed by the end of September.

As is evident from events last year, the link between what the four European members of the G7 profess and what the EC decides is tenuous. What is urgently needed, therefore, rather than just another meeting of the G7 leaders later in the year, is a meeting of the European Council devoted to the Uruguay round.

Such a meeting could pave the way to a rapid resolution of the outstanding issues. Without it, the continued impasse in Geneva could well lead to acceptance by the G7 later in the year of a package that falls far short of what is needed to revitalise the global trading system. Some, particularly in the EC, may want precisely that outcome. If so, they are wrong. The ball is still in the EC's court. If the Uruguay Round is to be completed this year, the EC needs to hit it very soon and if the Uruguay Round is to be completed usefully, the EC needs to hit it very hard.

Helping peace in Cambodia

WHILE THERE is a great deal of procedural noise but little substantive progress towards resolving the Arab-Israel conflict, the parties to the Cambodia crisis have been making the hard and hazardous compromises needed to achieve a political settlement.

Above all, the Cambodian parties which have to make the agreements, and their foreign backers who have to underwrite them, have begun talking directly to each other in an atmosphere less obviously charged with recrimination. When that happens in the Middle East, President George Bush will be better justified in proclaiming a breakthrough.

Some of the compromises made on Cambodia are deeply distasteful. The political reality of the appalling Khmer Rouge, which the Vietnamese army could not defeat in 10 years of fighting, has been reluctantly accepted and written in to the peace process. Representatives of that organisation have been seated on the Supreme National Council (SNC), the body in which Cambodian sovereignty will notionally reside when the main ministries of government are administered by the UN in the run-up to elections.

The Khmer Rouge representatives sit on the SNC with the two non-communist guerrilla factions. Facing them are the representatives of the Vietnamese-backed government from Phnom Penh headed by Mr Hun Sen, the prime minister. After an unpromising start, they agreed on Prince Norodom Sihanouk as chairman and Hun Sen as deputy. The SNC will take over Cambodia's controversial seat at the UN.

Old enemies

For agreement to have progressed this far bodes well for further progress in the talks between the old enemies, China and Vietnam. When Vietnam invaded Cambodia in 1978 to bring to heel the Khmer Rouge, its former protege, China retaliated by briefly attacking Vietnam. Both countries have since pursued a war of attrition in Cambodia, with China backing the Khmer Rouge and Hanoi the government it installed in Phnom Penh.

Events elsewhere, however, have been conspiring to bring them together. The collapse of communism in eastern Europe and its impending demise in the Soviet Union, has left China and Vietnam almost alone in still proclaiming communism's primacy as a political system. The economies of both countries suffer as a result and they are forced to make compromises in order to promote links with the west.

Symbol of hope

The non-communist alternative in Cambodia, primarily the faction headed by the former head of state, Prince Sihanouk, made little military impact during the years of fighting, but enjoyed by far the widest international support. Erratic though the prince has often appeared, he remains an uncompromised nationalist and will be a symbol of hope – assumimg he goes back on schedule to Phnom Penh this autumn – for the many Cambodians living overseas who want to return home.

The problems still to be overcome are massive. The United Nations High Commissioner for Refugees has taken only the first steps in assessing the logistics and costs of repatriating around 300,000 Cambodians in refugee camps. The size of the UN presence needed to monitor the ceasefire, to assist in the at least partial disarming of the warring factions, to administer the country for a year or more, and to prepare for elections, will test the financial generosity and political commitment of the international community.

It will be no less important to ensure that the Khmer Rouge is monitored at every stage of the process and that its leadership and China understand fully the consequences of trying to extract military advantage from the political compromises which have been made.

Simultaneously the western nations, and especially the US, must abandon their economic embargo and offer to Vietnam and to the Cambodian people the prospect of aid and co-operation to accompany the political changes. Just a tiny proportion of the funds available to promote peace in the Middle East could work wonders in Indochina.

Stefan Wagstyl and **Robert Thomson** on the slowdown in investment by Japanese companies

A crunch on capital

Time is running out for the capital spending boom which has fuelled the Japanese economy for the past five years.

The turmoil in the financial markets, compounded by the current scandal in the securities industry, is steadily eroding industry's ability to invest. Interest rates are high by Japanese standards, equities are weak, bank credit is short and companies are having to eat into their cash reserves.

Businessmen accept that the era of easy money of the late 1980s is over. Small companies are already cutting investment. Even some that are financially strong are beginning to review capital spending plans. Matsushita Electric Industrial, the electronics combine, is raising investment once more this year but says: "We are checking each investment more severely than before to see whether it is really necessary."

The gloomy investment picture was confirmed yesterday by a 19 per cent plunge in seasonally adjusted machinery orders in June compared with the month earlier, according to figures released by the Economy Planning Agency.

The Bank of Japan's move last month to cut the Official Discount Rate – the rate it charges for loans to commercial banks – from 6 per cent to 5.5 per cent, is unlikely to ease the squeeze substantially. While the bank could cut the rate again before the end of the year, nobody expects a return to the 2.5 per cent level of the late 1980s, when the cost of capital for large companies was so low that it barely influenced investment decisions.

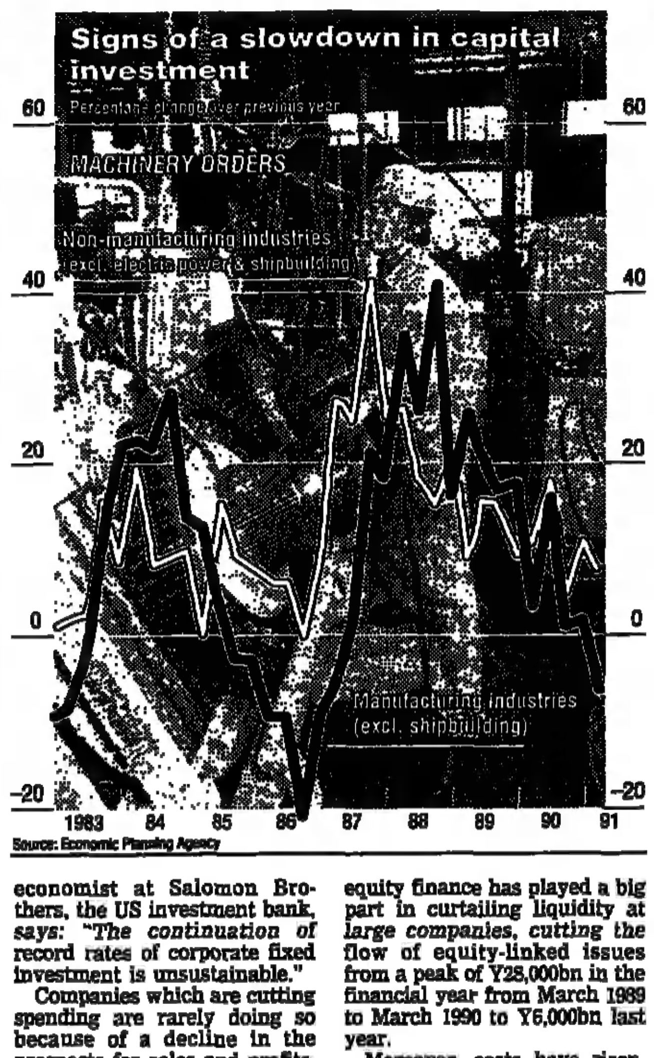
The central bank is walking a tightrope, trying to balance the risk of recession against the possibility of rekindling inflation and speculative fever by relaxing its grip on interest rates too soon.

The likelihood is still that investment growth will decelerate gently. But it remains a real possibility that without further cuts in interest rates the investment slowdown might become a slump. Mr Taizo Taya, senior economist at Daiwa Research Institute, an affiliate of Daiwa Securities, warns: "If interest rates are not cut soon there could be a credit crunch."

These fears need to be put into perspective. The Japanese economy has been growing without interruption since late 1986 – next month it will break the post-war record for the longest period of sustained expansion. The government expects further growth in the year to March 1992 of 3.8 per cent.

Also, private capital spending has been running at unprecedently high levels, swallowing up fully 22 per cent of gross national product last year. Last year Japan invested $660bn in plant and equipment – 30 per cent more than the US and three times more than Germany.

For the current year, the Bank of Japan expects a further increase in capital spending of 7.1 per cent, smaller than last year's 13 per cent, but still enough to keep capital equipment makers' factories humming. However, some economists believe the central bank might have to revise the figure sharply downwards when it makes its next forecast this month. Mr Ron Napier, an economist at Salomon Brothers, the US investment bank, says: "The continuation of record rates of corporate fixed investment is unsustainable."



Source: Economic Planning Agency

Companies which are cutting spending are rarely doing so because of a decline in the prospects for sales and profits. With some important exceptions – including housing and cars – domestic demand is strong. Exports are growing. Businessmen still want to spend on labour-saving and cost-cutting machinery, and on research and development. For example, Nissan Motor, the car maker, last month disclosed plans for the virtual reconstruction of one of its older factories, at Zama, near Tokyo.

However, funds for these investments are getting harder to secure. According to the Bank of Japan, corporate liquidity ratios – gross total holdings of cash and funds in short-term instruments divided by monthly sales – have fallen from an average 2.2 in 1989 to 1.7.

As yet, the level is not critical: the ratio was as low as 1.1 in the early 1980s. Also, the reduction of cash holdings and financial investments at some large cash-rich companies is having a disproportionate effect on the overall total.

In addition, the end of cheap equity finance has played a big part in curtailing liquidity at large companies, cutting the flow of equity-linked issues from a peak of Y28,000bn in the financial year from March 1989 to March 1990 to Y6,000bn last year.

Moreover, costs have risen, with issue yields recently hitting 4.75 per cent against below 1 per cent two years ago. Companies have resorted to straight bonds in greater volumes because the relative price has come down sharply – but interest costs are just as high as for equity-linked offerings. Even so, the demand for capital market funds remains high with equity-linked issues last month reaching Y903bn, the highest level since December 1989.

To make matters worse, a cloud hangs over the market in the form of about Y30,000bn in convertible bonds and warrant bonds issued in the late 1980s which fall due in the mid-1990s. If share prices rise, investors may convert these instruments into equity, so releasing more stock into the market. If stock prices stay low, then companies will have to redeem bonds with cash – so using up more of their precious funds. Banks are unable to fill the gap. The need to comply with the Bank for International Settlements rules, which impose strict capital-to-asset ratios, has forced banks to cut asset growth to its lowest level ever.

With the supply of outside funds severely constrained, companies are being thrown on to their own resources. But last year internally-generated cash flow amounted to only half total Japanese investment of about Y100,000bn. This year the flow of funds is being squeezed by rising input prices amid a continuing shortage of labour and materials in many industries. Profits are falling.

The crunch has already hit the property market, which is seeing bankruptcies rise to record levels. Cancelled projects include plans by Itoman, a scandal-ridden trader-cum-property developer, to build a new headquarters in central Tokyo. Housing starts in the first six months of 1991 were down 16.7 per cent. But, while individual construction companies are being hit by cancellation of orders, the industry as a whole remains buoyant – its main problem is securing enough labour.

Among big manufacturing companies, spending is still projected to increase but groups are becoming more careful in assessing the financial costs of their investments. NEC, the electronics company, is maintaining investment at just above last year's level of Y2,650bn. "We need to examine financial costs carefully. But our company's investment plans are depend mostly on conditions in the product markets, which are very strong."

There is still plenty of evidence of the deep-rooted faith in future economic growth which characterises much of Japanese industry. "We don't let investment decisions be influenced by interest rates," says Kao, a toiletries maker, "so we have no intention of cutting investments."

Car makers stand out in making significant cuts in investments. Nissan is reducing capital spending by 18 per cent this year, and Honda Motor by 12 per cent. However, the industry invested heavily in new capacity in the late 1980s, so a lull in spending is not surprising.

But Japan's small and medium-sized companies, which account for 60 per cent of the country's output, are in a far weaker position than the giant combines. In the 1980s they found banks urging them to borrow money. Now, says an official at a small business advice centre in Ota, an industrial suburb of Tokyo: "The banks don't call any more." Company owners instead have to raise funds from their own pockets.

The Bank of Japan is aware that small businesses are under pressure – according to its last forecast carried out in May, small and medium-sized companies expect a 6.3 per cent decline in capital investment in the year to March 1992.

The question is how much longer industry can bear the burden of high interest rates without being forced into wholesale investment cuts. So far the Bank of Japan has confounded its critics in its recent management of the economy. The chances are it will do so again. But there is a risk that its determination to squeeze speculators out of the financial economy is distracting the central bank from the needs of the real economy.

He just wants a little respect

David Sullivan is stalking the local press, says **Alice Rawsthorn**

David Sullivan is trying his best to look respectable. He dashes upstairs to put on a tie for the photographer, smiles obligingly at the camera, then blushes when he realises his flies are undone.

So far respectability has eluded Mr Sullivan, variously known as the King of Porn and Sultan of Sleaze, once the owner of Britain's biggest chain of sex shops and now proprietor of The Sunday Sport, a lurid tabloid newspaper. But that is the image he needs to convey in his latest incarnation as the scourge of the Bristol Evening Post.

Mr Sullivan has been stalking the Post for 18 months. All his efforts have yielded is a snub from the Monopolies and Mergers Commission, a £400,000 loss on his 10 per cent holding and the sneers of last week's shareholders meeting when he failed to win a seat on the board.

Undeterred, he is flinging himself into a new offensive. If he succeeds, he hopes to use the Post as a base from which to launch a middle-market national daily paper. If he fails, he will sell his stake and start stalking another local newspaper group.

"I've been banging my head against a brick wall in the newspaper business for years," he says. "I'm like a fourth division team looking at Tottenham or Manchester United. That's why I want my own paper because then I'd be tackling them head on."

The soccer metaphor is apposite. Mr Sullivan began in business at the age of 11 selling soccer programmes. He found his métier 11 years later when he started selling nude photographs through the small ads in Exchange & Mart.

He moved on to pornographic books, magazines, films and then to the sex shops, where he made his fortune. "Sex shops are just like any other business," he says. "Once you've got enough outlets the economies of scale are enormous. You can cut out the wholesalers and buy the sex aids and stuff direct from the manufacturers in Hong Kong." In 1981 he sold out. "I was bored with the sex business. I wanted to move on." The following year he spent 71 days in prison after a conviction – later quashed on appeal – for living off immoral earnings.

He denies having any qualms about his involvement with the sex industry. "Of course it's sad that people buy sex, but the world's a sad place isn't it?" Nor does he have any misgivings about pornography. "If an act is legal and involves two consenting adults you should be allowed to photograph it. That's my moral position."

Where would he draw a moral line? "I've never been involved with hard porn." And what would he call hard porn? "Well, Britain has the toughest pornography laws in Europe and I've never done anything illegal." He thinks paedophilia is "sick" and finds homosexuality "offensive". "Anyway," he says, "I don't understand the market."

Today he makes most of his money from property. He once pocketed a profit of £1m by buying and selling the headquarters of the Morning Star, the Communist party newspaper, within a month. He still owns a string of "girlie magazines" and the rights to 150 pornographic videos. He also has a score of racehorses and next year hopes to bid for one of the newly privatised racecourses. Then there is The Sunday Sport.

The Sport is the paper that brought Britain headlines like "Sex Mad Satanists Stuffed Me Into Sunday Roast" and "I Fondled Killer Robot's Nuts". Its circulation has slipped to 370,000 from a peak of 600,000 in 1988 and it is now threatened by a ban on the sexually explicit telephone chatline ads that provide most of its revenue. But Sport Newspapers still plans to publish seven days a week this autumn.

Mr Sullivan refuses to say how much he is worth. But he recently joined the ranks of businessmen with salaries of over £1m a year. When the Book of the Rich estimated his fortune at £65m he responded with "evidence" that he was worth at least £100m.

He has all the spoils of success. He works from a neo-Georgian house at Chigwell in Essex. The style is pure 1970s nightclub with mock-zebra skin sofas, a ceramic leopard in the loo and neo-classical columns – Corinthian, of course – on the facade. The builders are still toiling on his new £6m home, said to be the biggest house built in London this century.

Why doesn't he just sit back and enjoy his wealth? Why bother fending off the sneers of the MMC and the newspaper establishment for the Bristol Evening Post?

"It's a business opportunity," he says. "It's also a challenge. Just because I made my money in the sex business, people don't give me the respect I deserve."

OBSERVER

The Prince bows out

■ It is hard to imagine when would have been a good time for the Prince of Wales to resign as president of the patrons of the National Museum of Scotland, but surely it was not on the eve of the choice of architect for the new Museum of Scotland?

The Prince is no stranger to architectural rows. His description of the original design for the new wing of London's National Gallery as "a monstrous carbuncle on the face of a much loved and elegant friend" must be one of the most notable Royal put-downs for a long time.

This time he has been more discreet. But it is clear that he is not happy with the way the museum's trustees have gone about choosing an architect for a £25m project which is supposed to celebrate Scottish national pride. On the corner of Chambers Street, and opposite that other the famous "Greyfriars bobby", it will be one of Edinburgh's prime tourist attractions."

The combination of the choice of a London firm of architects, albeit with a bit of Scottish blood, and the loss of a Royal patron is bound to ensure that this project remains a cause celebre for a long time to come. For a start, it is not good news for the fundraisers.

However, the fact that the trustees have stood their ground and not bowed to Royal pressure, to change the way the competition was organised, suggests that they may be made of sterner stuff than their Southern neighbours.

BTR shuffle

■ It is easy to dismiss the latest top management reshuffle at BTR as just another cosmetic gesture, akin to hiring a young female finance director from outside the group. After all, appointing a group of nine young turks to the subsidiary board of BTR International does not look all that much different from the associate directors which more inbred conglomerates like Hanson and Lonrho already have in abundance. If they behave properly, one or two of them may even make it onto the main BTR board one day.

It probably will suffer from being just a talking shop. But at least it shows where the next generation of BTR management lies. Mike Smith and Graeme Pearson, two of BTR's gang of four senior executives, may be only 51. But American Edgar Sharp is 58, and his successor is probably going to be drawn from this new bunch which has an average age of 45. If it really does act as a catalyst for the cross-fertilisation of skills and technologies throughout the group, it will be an added bonus.

Opera boss

■ The links between Cardiff and New York are growing ever closer. First, Norma Jarboe was pinched from Citibank to head the Welsh capital's marketing drive, and now the Welsh National Opera Company has turned to the Big Apple for its new boss.

Matthew Epstein, who takes over when Brian McMaster leaves this weekend to run the Edinburgh Festival, is vice president of Columbia Artists Management and a New Yorker born and bred. No stranger to either Cardiff or the Welsh National, while he was at the Brooklyn Academy of Music he was responsible for the WNO's first visit to the US. He has also been a member of the jury for the Cardiff Singer of the World Competition.

How times change. Only a couple of months ago the company was bitterly complaining to the Arts Council, and anyone else who would listen, that it could go out of existence if its grant was not raised. The lobbying paid off, and WNO chairman Lord Davies is ecstatic about his new catch, describing Epstein's knowledge and experience of the world operatic scene as" unrivalled."

"My rotweiler got put down for eating my pit bull."

Sweet touch

■ Only a recession-resistant company would dare to launch a product designed to ease the gloom of others.

Thorntons, the chocolate maker, has come up with the "Recessionary Range" to provide "psychological comfort" for the distressed members of London's business community.

Although Thorntons has a nationwide chain – and has even introduced British Toffee to the French – it decided that only its London shops should carry the range, which includes such delicacies as "Hazel nut enough money in the bank".

John Thornton, chairman of the family-controlled business, borrowed the idea from a London pub that was offering "recession lunches". The recipe was cooked up at the company's factory in stoical Derbyshire, which is more inured to economic hardship. Londoners, on the other hand, "seem to be talking themselves into recession".

Meanwhile, lest anyone suspect that the stunt could turn sour on Thorntons, pre-tax profit for the year just ended are estimated to have risen from £11.3m to about £13m.

Recession-proof

■ Allen & Overy, the City of London law firm, are plainly not the people to hire if you expect to have a holiday emergency. Among the reams of confidential papers that have emerged from the BCCI affair is a draft of the rescue package which was due to be signed with Abu Dhabi on December 30 last year.

The document warns on its front page: "Please note that Allen & Overy, London, will be closed 22nd December until 26th December inclusive, Allen & Overy, Middle East, will be closed 24th December until 26th december inclusive, and none of the partners or staff of those offices will be available to work during those periods."

Hong Kong spin

■ Good to see that the Hong Kong Chinese have not lost their sense of humour. Gerald Kaufman, Britain's socialist shadow foreign secretary, has been christened Ko Fu-man by the local media on his current visit to the colony. Chinese names are often designed to mimic the sound of the Western pronounciation and Kaufman's moniker, means literally "makes the people wealthy".

His leader Neil Kinnock's Chinese label is even worse – Kam Lok-hak, or "golden promises to overcome".

LETTERS

New markets in jeopardy

From Mr R Bailey.

Sir, My company is endeavouring to export brewing, bottling and canning equipment to the liberated eastern European countries.

We are unable to offer a financial support package primarily because the Export Credits Guarantee Department will not offer cover to the UK banks.

Britain has spent the last 45 years attempting to defeat communism and a great deal of money in the process. Can we not take commercial advantage of our amazing success to benefit the beleaguered UK economy? The demand is present, our will is strong, but the finance is absent.

A policy is urgently needed and the political advantage to be gained is unquestionable.

R Bailey,
director,
Central Bottling International,
Plumtree Farm Industrial Estate,
Bircotes,
Doncaster, S Yorks ON11 8EW

Criticism of bids for TV franchises 'unfounded'

From Mr Philip Carse.

Sir, There has recently been criticism of the size of bids reportedly made by several of the ITV companies hoping to retain their franchises. Your article, "TV franchises face harsh criticism", (August 12), for example, reports that James Capel considers many of the revenue forecasts used by bidders to be over-optimistic, while Phillips and Drew argues that most Channel 3 companies will be unprofitable in 1993.

As adviser to eight bidders, NERA believes there are several good reasons why these criticisms are unfounded. First, historic evidence suggests that the market should experience significant real growth during the franchise period. Economic growth will have a positive effect on the demand for advertising, while the growth of new channels such as cable and satellite channels and Channel 5 will provide opportunities for new advertisers and will offer competition to existing channels. Growth is likely to be greatest in the short to medium term, if past trends are repeated, as the market moves from the current recessionary state to one of sustained high real growth.

The outlook for total Channel 3 revenue is, of course, slightly less buoyant, reflecting increasing competition from new channels. The distribution of Channel 3 revenue will change during the franchise period in response to economic, demographic and competition factors; however, providing some favoured Channel 3 companies with high real revenue growth throughout the franchise period.

Second, on the cost side, most, if not all, ITV companies have become much more efficient over the last year or so, and many intend to make further significant cost reductions if they retain their franchises. Most ITV companies failed to keep pace with the productivity improvements made by UK industry as a whole during the 1980s; they therefore have considerable scope for cost reduction. For example, some companies are planning to reduce staff costs by up to half compared with two years ago. For smaller companies, a change in the arrangements for paying for [illegible]ork programmes reduces costs further.

Finally, it should be noted that many bidders will have taken a long-term view of the franchises, being prepared to make losses in the first year or two provided the return over the whole period is acceptable.

Philip Carse,
consultant,
NERA Communications Practice,
15 Stratford Place, W1

The reality of BCCI and the real victims

From D Sehbai.

Sir, Mr H.B. Khokhar in his letter (August 7) accuses the western media of vindictiveness and racialism in its treatment of BCCI, but ignores the facts that have established beyond reasonable doubt that BCCI was indulging in unsavoury activities and was guilty of practices unworthy of a "respectable" bank.

There are a number of well-established Asian banks which have had offices in the City of London for many years. Some banks from Hong Kong, India, Malaysia, Singapore, and the Middle East have traded in Britain and Europe for nearly a century and have been held in great esteem in the City. Even these prudent and well-managed Third World banks have seen their reputation and credibility questioned by some large depositors in view of the BCCI affair.

This must be regretted; all are sound financial institutions equal to, if not better than, any western bank.

We all saw the plush BCCI offices occupying some of the most expensive prime sites in London and elsewhere, with a large number of highly-paid staff. But we never saw any customers there.

Mr Khokhar overstates his case when he says that BCCI was a victim of international politics. The real victims are the ordinary depositors and the many small businesses run by people from the subcontinent who put their faith in BCCI, which skilfully applied the Robin Hood principle in reverse by robbing these small depositors to line the pockets of the unscrupulous few.

D Sehbai,
Reform Club,
Pall Mall, London

A yardstick that stifles business

From Lise Wulff.

Sir, As the proprietor of a small business I have followed press coverage of the "big banks versus small business" issue. Charles Batchelor's article, "An ill wind for the entrepreneur", (August 12) confirms my own feelings from current negotiations with all four main clearing banks.

These are that: banks are probably unjustly blaming small businesses for their own failings; there may be no official cartel, but their responses are so alike as to suggest there must be some collusion.

However, the real problem is that they no longer evaluate a proposal on its own merits, but have to resort to the head office formula for lending. It is the principle of judging every business by the same yardstick, which is causing the many small business deaths – and it is this principle which will stifle business revival in the short to medium term.

Lise Wulff,
managing director,
Micro Graphix,
15 Bridge Street Mill,
Bridge Street,
Witney, Oxfordshire

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set [illegible] line resolution.

Nigeria's Gulf windfall and the projects that it has funded

From G Dove-Edwin.

Sir, I refer to the recent expulsion of the FT's correspondent in Nigeria, Mr William Keeling. May I be allowed to set out my government's case?

Mr Keeling related that Nigeria had derived a windfall of \$5bn as a result of events in the Gulf, and that some three-fifths of this did not appear in central bank figures. More than half the windfall was thought to have been spent already, in particular on the joint peace-keeping operations in Liberia; the staging of this year's Organisation of African Unity summit in our new capital under construction, Abuja; and construction of an aluminium smelter plant likely to cost between 60 per cent and 100 per cent more than if built elsewhere.

In fact, Nigeria's Gulf windfall was \$2.1bn, unusually high crude oil prices having turned out to be quite short-lived. This unexpected revenue was placed in a special account created in September 1990 (the Foreign Currency Stabilisation Fund). The first draw-down from this fund took place in April, when a debt service payment of \$500m was made. No other drawing has taken place.

The Liberian operations are not a Nigerian undertaking. The monitoring observer group (ECOMOG) was created by the Economic Community of West African States (ECOWAS). Costs, borne by Community members, are in any case low. Nigeria's share is absorbed within the normal defence budget. The only expenditure in foreign currency relates to the allowances for out-of-station duties paid to the Nigerian unit. Surely, this amount comes to nowhere near the estimate of \$250m-\$500m given in Mr Keeling's reports.

As to the OAU summit, capital projects seemingly undertaken for the meeting are of the type which a nation's capital-in-building would require sooner rather than later. The example of stretched Mercedes Benz limousines for the 50 heads of government trivialises the importance of the permanent addition to the stock of houses and airport facilities.

The charge that the aluminium smelter project is "60 to 100 per cent above the costs of similar projects elsewhere in the world" is incorrect. World Bank experts advised my government that the fixed price of DM2.4bn for the project was excessive by 6 per cent. The contractors felt unable to reduce the agreed price to that extent because of the nature of the project site.

The World Bank also feared that the declining value of the dollar viz the D-Mark could over the 54-month implementation period increase costs by 20 per cent. Taking these factors into account, the cost of the project is about the same as for similar projects in Bahrain, Canada, Dubai and Indonesia.

Projects of this kind, drawing on our natural resources, are intended to diversify our export base as well to provide opportunities for downstream investment, technology training and employment. The aluminium smelter which will utilise our large reserve of gas energy, is one such project.

Contrary to what you say in your otherwise reasoned editorial of July 10, my government has no intention of controlling "legitimate and public analysis of the state of the country's finances and major infrastructure projects". Mr Keeling failed to seek and reflect my government's view, making the articles appear one-sided, not to say inaccurate, as the facts in this letter show.

G Dove-Edwin,
High Commissioner for Nigeria,
9 Northumberland Avenue,
London WC2

PERSONAL VIEW

Stock spread-bidding: a wave of the future

By William Bishop

The London International Stock Exchange needs to be re-regulated. Spreads in the less-heavily-traded stocks – those that used to be called beta and gamma – have widened alarmingly. Wide spreads are bad for business.

At the time of Big Bang, under threat from the competition authorities, market-making in beta and gamma stocks was left to open competition. But this system has not worked, especially in the much-reduced, post-bull market of today. There are two problems: volume is often too low to cover costs, and some traders use the market-makers' posted price but pay nothing for the information (which happens especially when agency brokers match trades in their own offices).

The stock exchange would like to have one market-maker per stock. A system of this type would allow one firm to receive all the benefits that its market-making activity generates. Eliminating competition would be attractive to the stock exchange both for good reasons (better market-making) and for bad (monopolistic profits). But the competition authorities are unlikely to be sympathetic unless they can be persuaded that the good effects would much outweigh the bad. London needs regulation that will provide efficient market-making, and still avoid monopolistic profit-making.

What is needed is not competition in the market, but competition for the market.

Such competition could be introduced without difficulty. The stock exchange could organise a series of auctions, one for each lightly-traded stock. Stockbrokers would bid against one another for the right to make a market in each. They would not bid sums of money; if they did, they would be impelled to widen spreads even more and exacerbate the problem. Instead, they would bid the spread at which they would be willing to make markets. In each stock the firm bidding the lowest spread would win. Then the winning firm would make the market – for a year or six months, or whatever time is set – and hope to profit on the spread.

This system would produce efficient market-making by one firm only in each stock, but market-making at approximately the true competitive price.

No regulatory system is perfect, and this one is no exception. Economists will note that a spread-bidding system does not produce exactly what a competitive market produces – pricing at marginal cost. In a competitive market, true prices vary all the time. Different discounts, different delivery conditions and other factors apply [illegible] different transactions. In the spread-bidding system, the price, that is, the spread, is fixed for the term of the franchise.

In competitive stock markets, spreads vary frequently. In a slump, spreads widen because fixed costs must be covered by fewer transactions. And at times of high uncertainty – for example, rumours of insolvency at a company or the market crash of 1987 – spreads widen, occasionally almost to infinity.

Under a franchise system, the stock exchange would have to police firms' performance on their promises about spreads. If the market were to turn sharply down or up, re-bids could be undertaken. Better still, the market-making franchise period could be relatively short so that exposure was limited.

Specialists in the economics of regulation have studied closely systems of competition for a market. A theoretical objection to them is that bidders have an incentive to promise the earth and then to re-negotiate terms after rivals have gone away. This is the "TV-AM effect", after the broadcaster that got its franchise by promising a "mission to explain" and made its profits by providing Roland Rat.

In stock market-making, the TV-AM effect would not be a problem. Firms would naturally make markets in several stocks. They would hold a portfolio of market-making operations having different terminal dates. The stock exchange as regulator could monitor a firm's performance on several contracts: their reputation with the regulator would discipline firms.

This is what has happened in American cable television, contrary to the critics' predictions. Franchises came to be held by big companies operating nation-wide with a portfolio of cable interests. With a reputation to protect, they honoured their contracts.

Water regulation in France is carried on in the same manner, with companies with portfolios of contracts constantly bidding against one another. The designers of UK water regulation read the US theoretical literature, but failed to see that the French market had, in practice, solved the problem of the TV-AM effect.

There may be a natural oligopoly even in heavily-traded stocks and gilts. Information is the lifeblood of market-making. The market-maker needs a good cross-section of buy and sell orders, and the chat and gossip that goes with them, to do his job effectively. Even in gilts there are probably only four or five real market-makers today. In a thin market, the problem is much more extreme; there is probably room for only one market-maker in each lightly-traded stock.

This is a time of crisis and transition for the London stock exchange. Barely five years ago, Big Bang heralded a new, reformed system. This time round, what is needed is hard thinking about the best regulatory regime, or else in another year or two the market will be back to where it began. This time the stock exchange, the Department of Trade and Industry and the Office of Fair Trading should take the time and trouble to get the regulatory analysis right and give London a regime that lasts.

The author is a director of Lexecon, consultant economists with offices in London and Chicago.

Edward Mortimer

FOREIGN AFFAIRS

Death of a moderate man

Shahpour Bakhtiar's murder is a reminder that the west should judge Middle East governments by their deeds, not intentions

Anyone who worries that European integration is producing a tediously uniform political culture should compare the way British and French media reacted to the events of last week, especially last Thursday.

In France, where I happened to be, the big news of the day was the murder of Mr Shahpour Bakhtiar, the former Iranian prime minister, at his home outside Paris – until the news came through, in the evening, that a French aid worker, Mr Jerome Leyraud, had been kidnapped in Beirut. Mr John McCarthy's release was hardly more than background noise. In Britain, of course, it was the other way round, with Mr McCarthy the hero of the drama to the virtual exclusion of everything else, except for speculation that Mr Terry Waite might soon be freed as well.

That the French took more interest than the British in Mr Bakhtiar's fate was quite natural. Apart from the fact that his murder happened in France, and raised some quite serious questions about French security, he was himself a very French figure – more French than Iranian, many would say. Certainly he was the only person I ever heard refer to the late Ayatollah Khomeini, even when speaking English in a BBC radio interview, as "Monsieur Khomeini".

Mr Bakhtiar went to school and university in France, and fought in the French army in 1940. He married a Frenchwoman and his son Guy is a French police officer – assigned for the past 10 years to protect his father: an unusual arrangement, and in the end tragically unsuccessful.

Mr Bakhtiar will be mainly remembered as "the Shah's last prime minister" – perhaps unfairly, since his opposition to the Shah had earned him several terms in prison and vicious maltreatment, including a broken arm. He has also been called the Kerensky of the Iranian revolution, which is nearer the mark. Like Kerensky he tried to avert the replacement of one dictatorship by an even worse one, with a courage born mainly of a wild overestimate of his own powers and popularity.

He helped to avert civil war in Iran by forming a constitutional government in whose hands the Shah could formally leave the country. But he had no mandate to do so from his former colleagues in the secular opposition, still less from Khomeini who was the revolution's real leader. He gave Iran, for about a fortnight, its only experience in recent times of real freedom of expression. But things by then had gone far beyond the point where such reforms, however admirable, would be seen as signs of strength rather than weakness.

Sir Anthony Parsons, Britain's ambassador in Tehran at the time, remembers calling on Mr Bakhtiar the day after the Shah left and being asked how he thought things were going. Clutching at the only mildly encouraging observation he could think of, Sir Anthony remarked that the people had celebrated the Shah's departure in a spirit of joy rather than anger. "Of course," replied Mr Bakhtiar, "they'd read my government programme."

Bakhtiar gave Iran, for about a fortnight, its only experience in recent times of real freedom of expression

It is easy to laugh at such self-delusion. But at least Mr Bakhtiar stuck to his principles, at a time when almost everyone else – including many who had been staunch anticlericals before, and would later become victims of Khomeini's theocracy – was bowing to the Islamic tide. I remember attending his last press conference as prime minister and thinking that in the circumstances he was bound to begin with a verse from the Qu'ran, or at least with the ritual "Bismillah ar-Rahman ar-Rahim" (In the name of God, the Compassionate, the Merciful). Not a bit of it. He began with a quotation from Léon Blum, the French socialist statesman.

Mr Bakhtiar could laugh at himself, too, even in those moments of acute tension. A journalist asked whether he knew that the foreign ministry was "already in the hands of Khomeini's supporters". "I'm afraid," replied the prime minister without batting an eyelid, "that in present circumstances that's a ministry we can manage without".

The end came a few days later, when the army commander refused to continue the bloodshed in the streets and ordered his troops back to barracks. Mr Bakhtiar disappeared, later to reappear abroad. It was subsequently confirmed that he had been hidden in the house of Mr Mehdi Bazargan, whom Khomeini had appointed to replace him as prime minister. In spite of their different attitudes to Islam, the two had been close friends since they both served under Mohammed Mossadegh, the nationalist leader of the early 1950s who remained Mr Bakhtiar's hero and model.

Inevitably, once out of the country, he took up residence in France, although for a long time he was also a frequent visitor to Baghdad. (He was allowed to set up his own radio station there, broadcasting appeals to the Iranian people to overthrow Khomeini. But he always denied having advised President Saddam Hussein to launch his attack on Iran in September 1980.)

Like other revolutions before it, the Iranian one engaged in a war to the death with its émigré opponents. Assassinations have occurred in Austria, Britain, Switzerland, the US, but above all in France, if only because that was where the largest number of exiled leaders were congregated. One might suppose that this activity would have ceased after the death of Khomeini and the accession of the "pragmatic" or "moderate" President Hashemi Rafsanjani to power. Not so. In fact it was immediately after those events, in July 1989, that one of the nastiest assassinations took place: that of the Kurdish leader Mr Abderrahman Ghassemlou, carried out in Vienna by a group of emissaries from the Iranian government with whom he had agreed to negotiate.

Mr Bakhtiar's murder bears some resemblances to that crime. The prime suspects are a group of three people who visited him on Tuesday of last week. One was a longstanding member of his circle. The other two, introduced by the first, were new arrivals from Tehran. The murder of Mr Bakhtiar and his secretary, Mr Fouroush Katibeh, was carried out with two kitchen knives, which investigators believe the assassins must have found on the premises: they had been searched on their way in. Incredibly, the bodies were not discovered until 36 hours later, although there was a police guard outside the house throughout that time.

In 1980, when the last attempt on Mr Bakhtiar's life occurred, he and his supporters could have seemed a real danger to a revolutionary regime that was still struggling to impose itself on a country riven by anarchy and chaos. That is hardly the case today. Mr Bakhtiar himself, now in his late 70s, had accepted that the regime was getting stronger and that he would not live to see its downfall. It is very hard to see what benefit Mr Rafsanjani could expect from such a murder. Suspicion therefore naturally falls, for this crime as for the brief kidnapping of Mr Leyraud, on his hardline opponents, who may have hoped to disrupt both the solution of the hostage issue in Lebanon and the rapprochement between Iran and France, whose president is due to visit Tehran soon.

That may be. But Mr Rafsanjani, like Syria's President Hafez al-Assad and his Lebanese protegés, still has to take responsibility. The west should judge his regime not by its intentions but by its results. If he can indeed bring the kidnappers and assassins to heel, and preferably to justice, then his country will be one with which the west can confidently do business. If not, not.

FINANCIAL TIMES
Wednesday August 14 1991

Milosevic vision confirms Croatian fears

By Judy Dempsey, East Europe Correspondent, in London

MR Slobodan Milosevic, [illegible] Serbian president, [illegible] finally and publicly unveiled his vision for a new Yugoslavia.

A document released earlier this week, [illegible] is likely to provoke much opposition, shows plans for a Yugoslavia which would bear little [illegible] blance to the country which emerged from the Second World War.

[illegible] this blueprint [illegible] realised it would confirm the [illegible] recently expressed by [illegible] venes, Croats, Macedonians, and Moslems that the [illegible] Serbs, Yugoslavia's largest ethnic [illegible] dominate the new Yugoslavia.

In [illegible] present shape, Mr Milosevic's blueprint would not include [illegible] republic [illegible] Slovenia within Yugoslavia, but it would take in some Serb-inhab- [illegible] regions of Croatia.

This [illegible] that Mr [illegible] evic and his supporters have written [illegible] Slovenia in [illegible] plans for [illegible] new Yugoslavia. The tiny [illegible] Alpine republic declared its independence from the federation on June [illegible] and is [illegible] by Serbia [illegible] *de facto* separate from Yugoslavia.

But Mr [illegible] not yet formally [illegible] the [illegible] of Croatia's [illegible] ethnic Serbs, nor [illegible] republic's internal borders.

The document confirms [illegible] new Yugoslavia [illegible] a country [illegible] by Serbia, [illegible] fulfilling, [illegible] paper, a [illegible] by [illegible] alists that [illegible] should live together in [illegible]

[illegible] plan, first [illegible] by [illegible] Academy of Sciences – [illegible] about [illegible] that Mr [illegible] came [illegible] power – [illegible] how a [illegible] Yugoslavia would [illegible] of the [illegible] republic of [illegible] gro, an ally of Mr Milosevic, as well [illegible] republic [illegible] Bosnia-Hercegovina.

Integrated into the republic [illegible] itself would be [illegible] northern province of Vojvodina, [illegible] Hungary and contains [illegible] Hungarian minority, [illegible] southern province of Kosovo, which is [illegible] by [illegible] 2m-strong ethnic [illegible] community [illegible] up [illegible] than 90 per cent [illegible] population.

The document, agreed [illegible] principle [illegible] a meeting [illegible] Monday [illegible] representatives [illegible] Serbia, Bosnia-Hercegovina [illegible] Montenegro, also spells [illegible] new Yugo- [illegible] organised.

The economy would be run on the basis of market principles, [illegible] there would be equality [illegible] republics [illegible] peoples.

This latter point is unlikely to be taken seriously by the ethnic Albanians, who over the past 18 months have been socially, politically and [illegible] nomically marginalised by [illegible] since Belgrade gained direct [illegible] the [illegible]

Diplomats [illegible] once the ethnic [illegible] against [illegible] control, [illegible] will become a region dictated by age-old [illegible] Albania, Greece and Bulgaria.

The plan also nurtures the seeds for instability in Bosnia-Hercegovina, whose signatories to the document are not entirely representative of the republic.

A western diplomat said yesterday: "Milosevic knew his plan for a new Yugoslavia would be opposed by Croatia, Slovenia, Macedonia and Bosnia-Hercegovina.

"Milosevic is now going his own way, regardless of this opposition, or indeed reaction by the international community. This plan makes it difficult for western governments to isolate Serbia. This is the calm before another, and more violent, storm."

Another summer's day in Tyre

Victor Mallet, in Lebanon, finds an air of expectancy on the coast

THE only explosions to be heard in the southern [illegible] city of Tyre yesterday [illegible] from [illegible] Mediterranean, where [illegible] local fishermen were harvesting [illegible] sea the easy way – with dynamite.

Life in Tyre [illegible] since [illegible] Syrian-backed Lebanese army regained [illegible] trol [illegible] month ago [illegible] police [illegible] begun to impound [illegible] without number plates [illegible] to send [illegible] trailer- [illegible] of building [illegible] stolen daily from [illegible] area's [illegible] beaches.

The government [illegible] mend [illegible] roads [illegible] many Lebanese, [illegible] from [illegible] dictates of Moslem militias, have returned to [illegible] which [illegible] boast some sand and [illegible] to having parties.

Excitement is mounting in the coffee-shops [illegible] Tyre [illegible] the possibility of [illegible] release of [illegible] East hostages, and opti- [illegible] are [illegible] uming that US [illegible] will [illegible] so much easier [illegible] obtain that [illegible] soccer [illegible] *will be* [illegible] *to watch the* World Cup in America in 1994.

Inland, however, the Irish soldiers of the peacekeeping [illegible] Unifil were yesterday witnessing more serious explo- [illegible]

The Israeli-backed South Lebanon Army (SLA) [illegible] rying out routine bombard- [illegible] of [illegible] Moslem villages in retaliation for [illegible] apparently planted by Hizbollah, which owes allegiance to Iran.

The problems [illegible] Lebanon are enduring [illegible] proverbial, [illegible] is hardly surprising [illegible] the [illegible] use countless Arab proverbs [illegible] difficulties they face.

"You can't hold [illegible] melons in one hand," murmured Gen [illegible] Koubessi of the Lebanese army when he was [illegible] the central gov- [illegible] and the army [illegible] prepared to tackle the SLA [illegible] Hizbollah, in addition to the [illegible] various Palestinian factions and the Amal militia. "When [illegible] right time comes, [illegible] government [illegible] a policy, then the [illegible] will carry out its orders."

Mr Sayed Ali al-Amin, [illegible] Shia Moslem director [illegible] Islamic [illegible] in Tyre, likened [illegible] vicious circle of violence [illegible] Hizbollah and [illegible] – which controls a "security zone" [illegible] Lebanon with the help [illegible] SLA – [illegible] a dispute between a [illegible] a white-haired [illegible] woman [illegible] not want [illegible] the man [illegible] has [illegible] hair; the man [illegible] has white hair because [illegible] woman [illegible] see him.

"The [illegible] don't [illegible] to withdraw [illegible] the resistance [illegible] fight them," [illegible] "But because [illegible] resistance [illegible] fight, [illegible] Israelis don't [illegible] to withdraw".

Hizbollah, meanwhile, has been polishing its public image, playing down its Iranian connections, reducing [illegible] interference in people's private lives, [illegible] paying compensation [illegible] victims of [illegible] continuing conflict.

Hizbollah leaders refuse to join their rivals in laying [illegible] their [illegible] the grounds that they [illegible] a patriotic anti-Is- [illegible] resistance [illegible] rather [illegible] a [illegible] militia.

[illegible] biding its time. Gen Fayez Sowan [illegible] commander [illegible] a Christian unit [illegible] a school above Tyre and [illegible] yesterday incongruously surrounded by drawings [illegible] baby ducklings [illegible] a classroom.

"In [illegible] war the [illegible] absent," [illegible] "Everyone [illegible] here. You have [illegible] give us [illegible] You can't stop in [illegible] months [illegible] going [illegible] for 16 years."

Behind the wire: prisoners in Israel and Lebanon await the end of the hostage saga

Bush names candidate for FDIC chairman

By George Graham in Washington

US president [illegible] Bush [illegible] nominated Mr William Taylor, [illegible] banking supervision [illegible] Reserve Board, as chairman of the Federal Depos[illegible] Corporation (FDIC), the fund which insures deposits in US [illegible]

Mr Taylor, 52, a blunt-speak- [illegible] career bank supervisor, will [illegible] over at a critical moment [illegible] the FDIC, [illegible] is fast running out of money to cover the flow of bank failures.

He will replace Mr William Seidman, the 70-year-old former [illegible] who [illegible] headed the FDIC since 1985. Mr [illegible] an independent and outspoken FDIC chairman [illegible] strong [illegible] in [illegible] said [illegible] that he intended to step down on October 16, shortly before his six-year term expires.

Like Mr Seidman before him, the new FDIC chairman will also be chairman of the Resolution Trust Corporation (RTC), the agency set up to handle the rescue of bankrupt savings and loan organisations.

However, the administration is seeking to appoint a separate chief executive for the RTC, after criticism of the way that it has become the US's largest property dealer in its efforts to sell more than $300bn (£177bn) of assets from collapsed S&Ls.

The RTC was due to be wound up by this month but, with some $150bn of assets still to sell, its life is expected to be extended until next autumn at least.

President Bush first named Mr Taylor as his candidate 15 months ago while trying to oust Mr Seidman. The nomination may face hostility in Senate confirmation hearings.

Senators may air criticisms of the Federal Reserve's supervision of Bank of Credit and Commerce International (BCCI); particularly, its decision 10 years ago to allow a group of Middle Eastern investors, subsequently found to be fronts for BCCI, to buy the Washington-based First American Bancshares.

Mr Taylor will join the FDIC at a time when congressional banking [illegible] have approved proposals [illegible] the fund to borrow up to $70bn more, as part of a comprehensive package to reform US banking legislation.

The deposit insurance fund may run into trouble if arguments about other aspects of the banking reform prevent Congress from voting the recapitalisation before it goes into recess in November.

Tough regulator, Page 3

Hopes rise for hostage swap as sides draw closer

Continued from [illegible] 1

said, but cautioned against expecting [illegible] results from his negotiations.

"[illegible] know more [illegible] what [illegible] and now it [illegible] for me to bridge the gap," he said. [illegible] he [illegible] "It is [illegible] problem [illegible] been pending [illegible] I [illegible] that it will be [illegible] in hours."

The [illegible] hopeful signs included [illegible] indication from Hizbollah, the main Shia group in Lebanon which [illegible] thought [illegible] Jihad, that it [illegible] include [illegible] in [illegible] negotiations. The Demo- [illegible] Front [illegible] the [illegible] a guerrilla [illegible] based in Damascus, said it would trade [illegible] body of an Is[illegible] for [illegible] hostages.

Israel [illegible] complained that [illegible] has had no indication [illegible] holding [illegible] seven missing [illegible] they are still alive. [illegible] Pérez de [illegible] said that, if he [illegible] solve this problem, almost everything [illegible] be resolved. "[illegible] I [illegible] great importance to [illegible] the [illegible] Israelis," [illegible] said.

The secretary-general did not specify how [illegible] was approaching [illegible] demand [illegible] Islamic Jihad for the release of other "[illegible] fighters" held in European jails. [illegible] earlier [illegible] they posed different judicial problems. Diplomats hope [illegible] will [illegible] pressed by [illegible] if [illegible] a breakthrough in negotiations [illegible] Israel.

The Iranian news agency reported that [illegible] by Saturday [illegible] Sheikh Abdel Karim Obeid, [illegible] leading Shia cleric who was [illegible] from his home in south Lebanon by Israeli troops more than two years ago.

However, Iran radio complained at the same time that Israel was putting obstacles in the path of an agreement by raising the issue of the missing Israelis.

Key orders signal deceleration in Japanese economy

By [illegible] Butler in Tokyo

[illegible] machinery [illegible] fell by 19 [illegible] in June [illegible] pared [illegible] previous month and by [illegible] per [illegible] the same month [illegible] year, according to seasonally adjusted figures [illegible] yesterday by [illegible] Economic Planning Agency.

Further [illegible] in [illegible] economy from the double digit levels [illegible] expansion of [illegible] first quarter [illegible] this year [illegible] provided yesterday by the [illegible] Data Bank which reported [illegible] further [illegible] in [illegible] bankrupt- [illegible] in July.

Private-sector machinery orders – excluding orders [illegible] ships and [illegible] power [illegible] – fell by 17 per cent in June compared with May, when they were unusually strong, and by 2.7 per cent compared with June of [illegible]

Although monthly figures [illegible] often volatile, machinery orders, particularly in [illegible] private sector, [illegible] an important indicator of future economic activity. Overall machinery orders totalled Y1,703.8bn ($12.53bn).

[illegible] *Teikoku* [illegible] Bank reported [illegible] number of [illegible] bankruptcies last month, at 875, [illegible] 81.2 per cent higher than [illegible] low levels [illegible] a year [illegible] Although [illegible] was slightly lower [illegible] in June, [illegible] liabilities of bankrupt companies [illegible] by [illegible] per [illegible] compared with June.

Property companies continued to head the list of bankruptcies. Although the Bank of Japan has recently eased interest rates, Ministry of Finance rules limit the issue of loans to the industry.

There was also a rise in companies going out of [illegible] because [illegible] a shortage [illegible]

[illegible] Schönholtz, an economist at [illegible] Brothers, [illegible] expects [illegible] nomic growth below 3 [illegible] cent [illegible] and next, said: "[illegible] economy is in the process of going into a downturn, Japanese style."

● Japan's surplus with its trading partners rose by 25 per cent in July, its seventh consecutive monthly increase, Reuter adds from Tokyo.

The unadjusted customs-cleared trade surplus climbed to $6.68bn during the month from a revised surplus of $5.33bn in July 1990, the Finance Ministry said yesterday.

THE LEX COLUMN

General's addition to the insurers' gloom

The picture emerging from the UK's composite insurers [illegible] consistent – but [illegible] hardly encouraging. While Commer- [illegible] Union [illegible] and [illegible] eral [illegible] yesterday demonstrated [illegible] they [illegible] in [illegible] quarter, [illegible] underlying improvement [illegible] much slower than [illegible] months [illegible] With [illegible] spiral- [illegible] in [illegible] and pre- [illegible] taking time [illegible] stick, the main bright spots [illegible] rising [illegible] profits [illegible] GA [illegible] for- given for wishing [illegible] they [illegible] trusts, [illegible] insurers, [illegible]

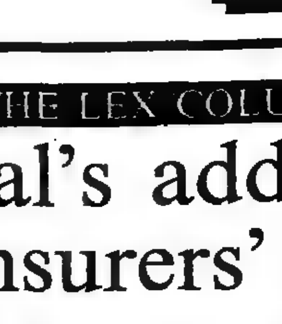
[illegible] main [illegible] in GA's figures was probably [illegible] worse-than-expected result in [illegible] UK. That [illegible] turn was mainly [illegible] to £40m [illegible] company's credit [illegible] guarantee [illegible] a [illegible] problem [illegible] already [illegible] by CU. There [illegible] also [illegible] GA's [illegible] nation to cut its [illegible] base, though [illegible] impressive 2-point [illegible] in [illegible] expense [illegible] may say [illegible] about the [illegible] which developed [illegible] in [illegible] sharpness [illegible] being wielded in the lean. In seeking out new business, meanwhile, GA is neither [illegible] Royal nor as aggressive [illegible] CU (in [illegible] rate).

[illegible] in [illegible] news likely from [illegible] other composites, [illegible] a puzzle why share prices in [illegible] mostly [illegible] premiums to [illegible] value, compared [illegible] steepish discounts [illegible] bot- [illegible] of [illegible] last cycle. [illegible] probably too pessimistic in the mid 1980s, but today's [illegible] yields cannot [illegible] the sector indefinitely.

FT-SE Index: [illegible] (+15.5)

General Accident

[illegible] price [illegible] FT-A [illegible] Composite Index



Source: Datastream

UK economy

In headline terms, yesterday's [illegible] on the UK [illegible] very [illegible] a mixed bag. Production [illegible] by [illegible] than expected, which [illegible] good. So [illegible] factory gate prices, which [illegible] bad. The underlying picture [illegible] less dramatic either way. Output still [illegible] to be [illegible] to it, [illegible] output prices [illegible] consistent with [illegible] in retail inflation later in [illegible] year.

Leaving [illegible] jump in [illegible] production, manufacturing output in the [illegible] quarter is down 0.5 [illegible] cent from the quarter [illegible] with a drop [illegible] 1.3 [illegible] in [illegible] quarter and 3.3 [illegible] in [illegible] quarter [illegible]. Within that, [illegible] quarter [illegible] sectors, [illegible] as chemicals and metals, actually [illegible] *As for* [illegible] prices, [illegible] Capel points [illegible] real rock-bottom three-month figure – seasonally adjusted [illegible] excluding food, drink and [illegible] – [illegible] an annualised inflation [illegible] of just 3.7 [illegible] cent, [illegible] month [illegible]

[illegible] assumption that manufacturing output is roughly [illegible] bottom, the fall from [illegible] peak [illegible] April is a [illegible] 7 [illegible] cent. [illegible] minor [illegible] compared with [illegible] 11 per [illegible] fall in 1974-75, [illegible] alone [illegible] drop in [illegible] The fact [illegible] companies in [illegible] of manufacturing [illegible] this [illegible] worst [illegible] warning against putting [illegible] much faith [illegible] the raw [illegible] But [illegible] equity market is wholly familiar with [illegible] chairmen. The [illegible] that it is nevertheless within 17 points of its all-time high suggests that for [illegible] its instincts [illegible] more in line with the official version.

PolyGram

[illegible] problem with [illegible] such [illegible] PolyGram is that [illegible] come to regard [illegible] cent increase in first-half earnings per share as normal, even in the [illegible] of [illegible] sion. Admittedly the music industry has [illegible] hit than some [illegible] by the downturn. PolyGram's [illegible] been able to exploit buoyant markets in the [illegible] and Germany while [illegible] in the UK and US [illegible] The big question [illegible] whether it can sustain [illegible] kind [illegible] growth demanded by a historic multiple of 17 and yield of just [illegible]

PolyGram [illegible] lucky in the [illegible] given to [illegible] recordings by Pavarotti's World Cup rendering of Nessun Dorma, but this is likely to be as transient as the benefits from this year's Mozart anniversary. *In the medium run* its future hangs more on the contribution from its 30 per cent stake in Mr Andrew Lloyd Webber's Really Useful Holdings and next year's launch of digital compact cassettes. Even if Mr Lloyd Webber never composes another note, there is plenty of mileage in the existing back catalogue. While the cassettes will be expensive to produce initially, they should boost PolyGram's market share *and raise the return that* can be achieved on recording sales. That will help secure growth for the next few years at least. But PolyGram will still require luck in securing new talent, and the share price leaves little room for error.

Pentland Industries

Buying a fifth of the Adidas sports and footwear brand is not the most adventurous way for Pentland to hit the acquisition trail. Nevertheless, the deal looks attractive enough for the UK group to suggest that Mr Bernard Tapie, the football-mad French Socialist MP, needed to sell rather more than [illegible] to buy. Judging by [illegible] price [illegible] Mr Tapie was [illegible] touch over-ambitious when he forked out £40m for 15 per cent of Adidas late last year, taking his stake to 95 per cent.

The question for Pentland shareholders is how comfortably the move sits with management's plans to exploit the £220m of cash released by the recent scaling back of its wonder investment in Reebok. Adidas may have turned the corner, but it will not pay a dividend for a year or two yet. When Reebok enjoyed exponential growth so did the entire branded footwear market. It is much more mature and competitive today.

On balance, however, yesterday's modest rise in Pentland shares was justified. In addition to a chunk of an established and under-valued worldwide brand, Pentland has the chance to win shoe sourcing contracts for itself. The weakness of Adidas in the US market gives it greater growth potential than market leaders Nike and Reebok. Pentland can also point to cannily drafted agreements giving it a sure escape if things go wrong. And it still has £125m of cash looking for a home. The shares may not run away, but they are on a solid platform.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	[illegible]	81
Algiers	F	29	84
Amsterdam	F	18	64
Athens	S	32	
Bahrain	S	38	100
Bangkok	C	30	86
[illegible]	S	28	[illegible]
Beirut	S	29	84
Belfast	F	18	64
[illegible]	C	26	79
Berlin	C	19	66
Biarritz	S	[illegible]	84
Bombay	F	28	82
[illegible]	S	30	86
Boulogne	C	18	64
Brussels	F	22	72
[illegible]	[illegible]	25	77
Buenos Aires	[illegible]	14	57
Cairo	S	36	97
Cape Town	S	28	82
Caracas	C	[illegible]	91
Casablanca	S	27	81
Chicago	S	[illegible]	[illegible]
Cologne	C	21	70
Copenhagen	F	19	66
Corfu	S	33	91
Dallas	R	23	73
Dublin	C	17	63
[illegible]	F	29	84
Edinburgh	F	[illegible]	64
Faro	S	31	88
Florence	S	[illegible]	[illegible]
[illegible]	F	23	73
[illegible]	S	[illegible]	[illegible]
Gibraltar	S	25	77
Glasgow	C	16	61
Helsinki	F	19	66
Hong Kong	C	[illegible]	81
[illegible]	S	27	81
[illegible]	R	17	63
[illegible]	C	33	91
Istanbul	S	31	88
Jakarta	F	33	91
Jersey	C	21	70
Johannesburg	S	[illegible]	59
Lima	C	18	64
Lisbon	S	[illegible]	91
London	S	22	72
Los Angeles	F	23	73
Luxembourg	S	24	75
Madeira	S	[illegible]	77
Madrid	S	33	[illegible]
Majorca	S	33	91
Malaga	S	[illegible]	[illegible]
Malta	S	35	95
Manchester	S	19	66
Manila	R	26	79
[illegible]	S	[illegible]	[illegible]
Mexico City	F	28	82
Miami	F	27	81
Milan	S	31	88
[illegible]	S	20	68
Moscow	F	[illegible]	[illegible]
Munich	S	[illegible]	[illegible]
Nairobi	[illegible]	[illegible]	[illegible]
Naples	[illegible]	[illegible]	[illegible]
Nassau	F	33	91
New Delhi	R	[illegible]	[illegible]
New York	S	[illegible]	[illegible]
Nice	[illegible]	[illegible]	81
Nicosia	[illegible]	33	91
Oporto	S	25	77
Oslo	S	20	68
Paris	S	24	75
Peking	F	[illegible]	[illegible]
Prague	F	[illegible]	[illegible]
Reykjavik	F	[illegible]	[illegible]
Rhodes	S	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Rome	C	29	84
Salzburg	[illegible]	25	77
San Francisco	R	17	63
[illegible]	S	31	88
[illegible]	F	[illegible]	[illegible]
Stockholm	S	[illegible]	[illegible]
Strasbourg	S	26	79
Sydney	S	[illegible]	[illegible]
Taipei	F	[illegible]	[illegible]
Tangier	S	30	[illegible]
Tel Aviv	[illegible]	29	84
Tenerife	S	25	77
Tokyo	C	25	77
Toronto	F	18	64
Tunis	C	29	84
Valencia	C	[illegible]	[illegible]
Venice	S	29	84
Vienna	S	24	75
Warsaw	F	[illegible]	[illegible]
Washington		-	-
Zurich	F	26	79

Temperatures at midday yesterday C–Cloudy [illegible] F–Fair Fg–Fog [illegible] R–Rain S–Sunny [illegible] T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday August 14 1991

INSIDE

J C Penney drops 62% in quarter

J C Penney, the fourth biggest US retailer, yesterday unveiled a 62.6 per cent drop in second-quarter net income of $31m on a 3.5 per cent decline in retail sales to $3.4bn (£2bn).

Gulf shakes up airline industry

The Gulf crisis, which has thrown the US airline industry into heavy losses, has sharply accelerated the pace of airline consolidation. The rate of change this year has been so great that it could have left people outside the industry confused about who now owns what. Nikki Tait explains the shake-up. Page 14

Footholds in the Caribbean

European and Japanese companies seeking easy access to markets in the United [redacted] have found Puerto Rico, [redacted] US Caribbean possession, an ideal, strategic location [redacted] ing a foothold in [redacted] William Dullforce looks at the increase in foreign investment on the island. Page 16

Taking vegetables seriously

After years of quiet expansion, Argentina[redacted] and vegetable sector is now [redacted] taken [redacted] ously. Once overshadowed by wheat, soyabeans and beef, fruit and vegetable growers [redacted] meeting high demand in Europe and [redacted] America for exotic, fresh, [redacted] produce. Page 20

Expamet profits fall 68%

Expamet, the UK building products and security group, yesterday reported a 68 per cent fall in pre-tax profits after an atrocious first quarter hit by recession and the Gulf war. Pre-tax profits in the six months to June fell from £6.2m to £2.5m ($4.2m) on sales down 11 per cent at £78m. Page 18

English banking in Rome

The prestige of foreign merchant banks in Italy has risen following the Treasury's decision to pick SG Warburg and Kleinwort Benson to value two of the country's biggest state-owned financial institutions. Expertise in British privatisation programmes by the UK merchant banks played a part in the Treasury's choice. Page 16

Hungarian smelters to close

Hungary is closing its three state-owned aluminium smelters over the next two to three [redacted], eliminating about 42,000 tonnes of exports to the west and total annual capacity of 75,000 tonnes. Page 20

US accepts Brazilian beef

The US has re-opened its markets to Brazilian beef in recognition of substantial improvements in the country's testing laboratories. Page 20

Korea tops the list

South Korea, followed by Pakistan and Chile, displayed the best performances of the world's emerging stock markets last month. Back Page

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Ach Mun (Reg)	885	+	21
BMW (Br)	532	+	9
Daimler Benz	751	+	9
Hochtief	1325	+	55
Linde	790	+	8
Falls			
Lahmeyer	960	−	10

NEW YORK ($)			
Rises			
BankAmerica	42 5/8	+	2 5/8
First Inter	35 5/8	+	2 1/8
Sec Pacific	35 3/8	+	2 1/4
Wells Fargo	76 7/8	+	1 3/8
Falls			
Coventry Cp	10 1/4	−	7
Protean	15 1/8	−	7/8

New York prices at 12.30pm

PARIS (FFr)			
Rises			
Air Liquide	694	+	14
BNP Cert	263	+	10
Chargeurs	790	+	23
Valeo	518	+	10
Falls			
BIC	711	−	12
Cetelem	744	−	20

TOKYO [redacted]			
Rises			
Japan Cast.	600	+	45
K'zaki Elect	1340	+	110
Falls			
Asahi Kog.	1350	−	120
Dai Nip Toryo	455	−	35
Daito Kogyo	653	−	56
Ikara Chem.	885	−	55

LONDON (Pence)			
[redacted]			
Airtours	570	+	74
Bilton (P)	458	+	16
Forwell	6	+	3
Glaxo	1306	+	40
Kalon	68 1/2	+	3 1/2
Liberty	528	+	23
Owners Abroad	107 1/2	+	11 1/2
Pape	102	+	11
Radiant Metal	80	+	10
Scottish TV	495	+	20
Usher Walker	200	+	16
Zetters	130	+	12
[redacted]			
Expamet	[redacted]	−	11
Marine Devl.	160	−	26
Sumit	65	−	5
Union Discount	283	−	12

Dull De Beers falls to $446m

By Kenneth Gooding, Mining Correspondent

DE BEERS Consolidated Mines of South [redacted] and its [redacted] arm De Beers Centenary, which together dominate the world's rough (uncut) diamond [redacted] yesterday reported that combined attributable profits in the six months to end-June had fallen by 14 per cent, from US$517m to $446m.

This was roughly in line [redacted] expectations and De Beers' share price [redacted] steady to close in London [redacted] £⅛ at [redacted]. Analysts suggested the [redacted] had done reasonably well in the [redacted] recessionary conditions in the diamond market. They looked for flat earnings in the second half.

De Beers said the disruption caused by the Gulf war hit world diamond sales so its diamond account fell by 16 per cent in the first half from $490m to $412m.

It was still possible that rough diamond [redacted] through its [redacted]tral Selling Organisation would [redacted] year match [redacted] $4.1bn. However, most [redacted] looked for a slight fall to about $3.9bn.

The group managed to hold the margin on its diamond account, expressed as [redacted] percentage of CSO sales, at 19.8 per cent in the first half. This surprised some analysts who expected margins to be under severe pressure because De Beers must be stockpiling stones to prevent the market becoming over-supplied.

De Beers [redacted] maintaining the interim dividend payment at 24.7 US cents (24.8 [redacted]). The South African dividend has been marginally lifted to reflect devaluation of that country's [redacted].

When De Beers' share [redacted] retained profits of associate com[redacted] is included, combined [redacted] 17 per cent down from $704m or 185 cents a linked unit (comprising one De Beers share and one Centenary depositary receipt) [redacted] or 154 cents.

Combined income from investments outside the diamond industry fell [redacted] $127m (1990: [redacted]) mainly because of the lower rand-dollar exchange rate. Interest received [redacted] $114m [redacted] reflecting lower cash balances. Combined [redacted] and research expenditure was down from $58m to $51m while interest payments increased from $19m to $36m.

Pre-tax profits fell by 18 per cent to $558m ($684m) and attracted [redacted] $108m ($146m), leaving a combined profit after tax of $450m ($538m). Profit attributable to unit holders [redacted] $446m ($517m).

The share of retained profits of [redacted] while the share of extraordinary [redacted] of associated companies was $36m (profit [redacted]).

General Accident's Nelson Robertson

Steeper losses at big UK insurer

By Richard Lapper in London

GENERAL ACCIDENT, the UK's third biggest composite (life and general insurer), yesterday blamed the country's recession for a sharp rise in pre-tax losses.

The company's loss of £101.5m ($170m) for the six months to June 30 compared with a loss of £66.6m at the same stage last year and £121.3m for the whole of 1990.

Mr Nelson Robertson, chief general manager, said the results were "obviously unacceptable". He blamed rising insurance claims stemming from theft, arson, fraud and loan defaults.

The interim dividend was unchanged at 9.7p per share.

Worldwide premium income amounted to £1.77bn (compared with £1.51bn), rising by about 6.5 per cent in domestic currency terms.

Life premiums climbed to £241.1m (£199.9m), while investment income grew to £237.4m (£194.5m).

Underwriting losses rose almost 40 per cent to £302.9m (£217.0m). Nearly two-thirds (£178.4m) of those losses came from the UK where GA was hit by an rise in recession-related claims.

The group's relatively modest book of mortgage and credit indemnity business which produces about £100m in premium income accounted for an underwriting loss of about £40m.

Theft claims cost at least 50 per cent more than in the first half last year.

Mr Bob Scott, general manager UK, said burglaries had increased in many provincial areas previously considered relatively low risk.

The rise had been less stark in London and inner city areas where homeowners had installed alarms, special locks and other security devices.

Arson – much of it suspected to be fraudulent – was a "rapidly escalating problem" according to Mr Scott.

GA says corrective action to increase rates and restrain costs is underway.

Rates have been increased in personal *car* (23 per *cent*) and commercial lines (an average of 20 per cent) and further rises are in the pipeline.

The company is set to zone rates for house buildings insurance charging more from those living in areas where there is a high subsidence and storm risk in the autumn.

GA is pressing ahead with plans to streamline its UK operation in order to reduce its stubbornly *high expense base*.

Mr Robertson said 700 jobs had been cut since a restructuring programme began last September. Fourteen of the company's 60 branches have been reorganised.

The group, the most labour intensive of the leading five UK composites, has shaved two points from its expense ratio (the yardstick comparing expenses with premium income).

Lex, Page 12

Nikki Tait in New York on a French connection with Equitable Life in the US

Injecting more than savoir-faire

FIVE o'clock on a Thursday, on the 50th floor [redacted] Equitable Life's Seventh [redacted] headquarters: it could have been an elegant evening soiree.

In the offices of America's third-largest insurance company, a band played, drinks flowed, and Equitable Life staff, lawyers, advisers and French [redacted] engaged in animated conversation.

There was no concealing the mixture of relief and jubilation with which Equitable Life greeted the recent $1bn cash infusion supplied earlier by Axa, France's second-largest insurance group. This should give Axa a stake of between 40 per cent and 49 per cent in Equitable when the US mutual turns itself into a shareholder-owned company next year.

There was no concealing either the warmth between Mr Claude Bébéar, Axa's flamboyant chairman, and Mr Richard Jenrette, his Wall Street-oriented counterpart at Equitable. This relationship was oiled at the outset by Mr Michel-François Poncet, *chairman* of France's Paribas group. Mr Poncet sits on the Axa board – Paribas and Axa have cross-shareholding links – and the French bank advised the insurer on its $1bn investment, along with Salomon Brothers.

There are two ways to look at Axa's cash injection. The first is to see it as a financial investment, and to ask how much Mr Bébéar is gambling by buying *into one of the least healthy specimens* of the US life industry.

The second approach is to question the industrial benefits – in terms of synergy, management, marketing – of this alliance.

Insurance does not cross boundaries easily. How much can a large, ailing US life company teach a recently-melded French one, and vice versa?

Since taking Axa's reins in 1989, Mr Bébéar *has consistently* stressed his desire to be in the "big league" of international insurers to spread underlying risks and to withstand encroachment into Axa's home territory.

In 1990, less than one-third of Axa's premium income came from operations outside France which contributed a small after-tax loss.

Axa is cash-positive, but it does not have unlimited funds. *According to the end-1990 consol*idated balance sheet, which takes in all insurance subsidiaries below the Axa main holding company level, but not the mutual companies, the group had cash of $1.65bn, offset by total debt of $614m. The $1bn surplus tallies with the budget suggested in Axa's initial US acquisition briefing document, sent to Lazard Freres two years ago.

Wealth limitations may also have been rammed home during [redacted] abortive attempt [redacted] buy BAT's [redacted] subsidiary for [redacted] year. [redacted] became clear then that a deal of such magnitude would require borrowing. Debt-funded transactions rarely delight US [redacted] regulators.

But, while [redacted] billion [redacted] sounds like a lot, [redacted] does not buy much in the property-casualty (P-C) sector. Fireman's Fund, for example, cost Germany's Allianz *$3.3bn and* was well *outside* the US top [redacted] P-C companies. However, with Equitable Mr [redacted] receives up to [redacted] per [redacted] of America's third largest insurer and the possibility [redacted] majority control in [redacted].

Equitable's troubles have been well-documented and any [redacted] of its worth is complicated by uncertainties in the US economy, the property market and in investor confidence throughout the life industry.

On the investment front, for example, Equitable held 24.2 per cent of its $42.6bn portfolio in commercial mortgages at end-1990; another 10.8 per cent in property investments; [redacted] per cent in p[redacted]licly-traded junk bonds; and 3.8 per cent in direct leveraged buy-out inves[redacted].

Full valuations were done on [redacted] properties, said Mr [redacted]ard Allorent, head of [redacted] North America, but the rest assessed on a sample basis. The end figure, he claimed, was similar to Equitable's calculation.

*Other advisers stressed cau*tion, and the additional $543m investment write-down – covering junk and property, and announced at the time of the French investment – was to forestall smaller, demoralising write-downs.

Another difficult issue is the extent to which Equitable's well-publicised troubles may have undermined policyholders' confidence. Given the state of the life *industry, policyholders are apt to* remove their money at the sight of trouble.

Mr Jenrette stresses that Equitable has remained cash positive, even when [redacted] were peaking last autumn. He suggests that the recent Mutual Benefit seizure had only a modest knock-on effect.

Surrenders and fund withdrawals totalled $4.7bn last year, although Equitable claimed that *most of* this reflected unprofitable "guaranteed investment contracts" – troublesome policies written in the 1980s – which were being run off.

So what is Axa's protection ? Until demutualisation, it has $750m in secured notes, backed by quality assets on which it earns a pass-through rate of interest.

The other $250m is unsecured and will probably earn Libor plus 1 per cent, say advisers. If the demutualisation scheme fails, the $750m should be repayable. The other $250m might be clawed back over time, provided insurance regulators approve.

However, since Equitable needed the interim funding to be "permanent", Axa has relatively little protection against any further deterioration in its investment's affairs.

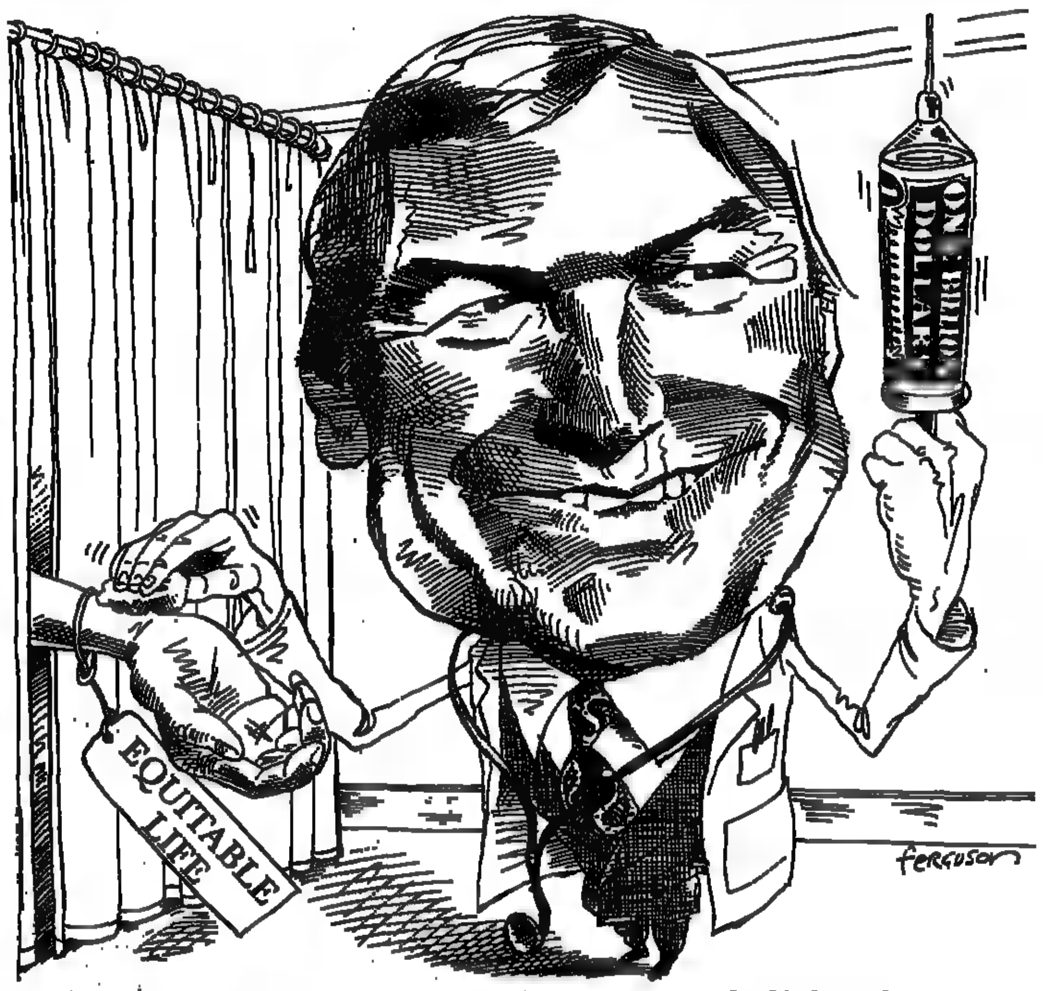
Only if Equitable is loss-making in the first half of 1992 (or any six-month period after that) or if surrenders exceed $630m-$670m in any quarter, will certain restrictions on [redacted] voting of Axa's stake be lifted.

The concern of the main rating agencies seems to rest as much with certainty of the demutualisation process, as with the US company's financial stability.

If all works out on the investment score and the $1bn cash infusion converts to a large minority stake, what does Axa get out of the deal?

Mr Bébéar talks about the advantages of mixing cultures, and learning from an innovative US market. The two companies have drawn up an agreement, apparently at Axa's request, [redacted]hich provides for the establishment of a "co-operation" committee to look at joint projects and shared information.

How this pans out, remains to be seen. Certainly, Equitable's side of the matter is simpler; it already has a vital capital infusion, which should lift its capital to liabilities ratio from a shaky four 4 per cent to a more respectable 6 per cent. As Mr Jenrette remarks: "Staying power is everything".



The cash infusion allows Claude-Bébéar, Axa chairman, to enter the 'big league'

PolyGram rises 24% in first half

By Michael Skapinker in London

POLYGRAM, the music company 80 per cent owned by Philips of the Netherlands, announced net income up 24.6 per cent to Fl 147m ($86.9m) for the six months to the end of June, despite the economic downturn in Britain and the US.

Earnings were boosted by A&M, which PolyGram bought last year, and by US sales of the performer Sting. Turnover was up 24.5 per cent to Fl 2.7bn. Operating income rose 30.3 per cent to Fl 245m and net income per share increased 24.6 per cent to Fl 0.86.

The company did not declare an interim dividend on the grounds that it had not been a listed company for long enough. Philips floated [redacted] per cent [redacted] PolyGram's shares on the New York and Amsterdam stock exchanges in December 1989.

Mr Alain Levy, PolyGram's chief executive, said he was examining the possibility of a listing in London, where the company has its headquarters.

The company had previously thought a London listing would require *the sale of at least* 25 per cent of the shares.

PolyGram says it has since received indications that a company of its size might be able to obtain a London listing even if fewer than 25 per cent of its shares are publicly traded.

Mr Levy said that PolyGram was reducing its involvement in CD-Interactive, a Philips product which combines various media such [redacted] computers, video and *compact disc*.

He said he thought CD-Interactive's future lay primarily in publishing and education rather than entertainment.

Mr Levy said the US music market had suffered a drop in sales of between 5 per cent and 10 per cent in the past six months.

He said the recession in the UK was also noticeably worse than elsewhere. PolyGram's sales to *the teenage market*, however, made it easier to ride out the recession, he said.

The company had also benefitted from the reunification of Germany.

Although east German consumers had initially bought vinyl records, they were increasingly purchasing compact discs.

He said the second half would see the release of a new U2 album, [redacted] well as the sound[redacted] the film Robin Hood, [redacted] of Thieves and of Andrew Lloyd Webber's stage production of [redacted]ph and the Amazing Technicolour Dreamcoat.

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INTERNATIONAL COMPANIES AND FINANCE

Glaxo shares reach record on migraine drug approval

By Daniel Green in London

GLAXO, the UK drug company, yesterday received limited UK approval for its migraine drug sumatriptan, seen as one of the main planks for the company's growth to the end of the century.

The shares [illegible] by 40p to £13.06 on the London Stock Exchange, a record high for the stock and representing an increase of 3.25 per cent in the company's stock market value.

The approval [illegible] some way towards allaying fears over [illegible] safety of the drug. The Netherlands, the only other country [illegible] have approved the drug, has restricted its use for patients with symptoms of heart trouble such [illegible] high blood pressure or angina.

The injectable version of Imigran, the trade [illegible] of sumatriptan, will [illegible] launched next month.

City analysts expressed surprise yesterday [illegible] the [illegible] was not approved simultaneously. A go-ahead for the tablets, which should prove more popular [illegible] injections, [illegible] expected within six months.

There is a wide range of City forecasts for Imigran sales, reflecting concerns over possi[illegible] damage [illegible] patients with symptoms [illegible] heart [illegible].

The drug's potential [illegible] uncertain [illegible] it [illegible] entering a new market. Most migraine sufferers [illegible] an analgesic, such as paracetamol, at home.

The optimists have pencilled in [illegible] of [illegible] than $2bn a year by the mid-1990s. That would [illegible] sumatriptan one of the world's top three selling drugs. But other [illegible] go [illegible] low as $400m, which would keep it out of the top 10.

Yesterday's announcement triggered strong buying inter[illegible] by [illegible] investors.

Although [illegible] drug has [illegible] approved in [illegible] Netherlands, US investors take UK approval more seriously. [illegible] go-ahead in the US, the biggest [illegible] for [illegible] drug, [illegible] not likely until [illegible] the [illegible].

Industry observers [illegible] possibility [illegible] aggravating heart problems [illegible] behind [illegible] decision last February by [illegible] Committee on [illegible] Safety of Medicines, the UK approvals body, to ask for [illegible] data from [illegible] on clinical trials. It [illegible] believed Glaxo [illegible] geared [illegible] up for [illegible] February launch.

Sevillana advances to Pta9bn

By Peter [illegible] in Madrid

SEVILLANA, the [illegible] largest Spanish electricity utility, yesterday reported [illegible] 17.4 per [illegible] rise in profits [illegible] ($83.5m) for the first half of the year.

The increase [illegible] the company to [illegible] pension provision obligations under a [illegible] law passed [illegible] month and [illegible] increase its depreciation charges by 10 [illegible] cent.

The company [illegible] in [illegible] process of allowing [illegible] large public sector rival, Endesa, [illegible] up [illegible] 33.5 per cent [illegible] stock in order [illegible] satisfy government demands that [illegible] utility sector [illegible] restructured.

The [illegible] for Endesa's interests in Sevillana, which operates as [illegible] monopoly distributor in the Andalucia region, are made clear in the latest figures, which show electricity demand in [illegible] area growing two points faster than the [illegible] of the country. Sevillana [illegible] income had [illegible] 12.9 per cent.

Sevillana is also seeing the [illegible] fruits of [illegible] sustained cost-cutting effort. It said its financial costs had fallen 3 percentage points in the first half.

Penney announces fall of 62.6% in second quarter

By Karen Zagor in New York

THE IMPACT [illegible] the sluggish economy and fierce competition was [illegible] in [illegible] second-quarter results [illegible] J.C. Penney, the fourth biggest US retailer, which yesterday turned [illegible] per [illegible] drop in second-quarter net [illegible] in retail sales.

The Dallas-based company had second-quarter net income of [illegible] share, against $83m or [illegible] earlier. Retail sales [illegible] $3.46bn from $3.58bn. [illegible] total [illegible] was [illegible] per [illegible] lower [illegible] $3.73bn.

Penney's selling, general [illegible] administrative expenses [illegible] 1.3 per cent in [illegible] quarter [illegible] $1.16bn. Income before [illegible] fell [illegible] per [illegible].

Mr William Howell, chairman, confirmed analysts' expectations that [illegible] company [illegible] moving towards less expensive private [illegible] and courting [illegible] traditional middle-class customers. He [illegible] "We [illegible] committed [illegible] our long-term positioning as [illegible] department [illegible] for [illegible] America."

Earlier [illegible] month, Penney [illegible] said [illegible] company [illegible] starting [illegible] from [illegible] 10-year [illegible] to [illegible] up scale retailing to staunch the drop in [illegible] earnings.

For [illegible] half, Penney's [illegible] income fell [illegible] per [illegible] $111m or 80 [illegible] share [illegible] or $1.77.

Hunter Douglas slips 40% midway

HUNTER Douglas, the Dutch-based window coverings and architectural products group, saw a decline of nearly 40 per cent in first-half net profit, with weak results in Australia and other recession-plagued markets outweighing [illegible] good performance in continental Europe, [illegible] Ronald van de [illegible] in [illegible].

Net profit fell [illegible] Fl 41.6m ($21m) from Fl 68.7m [illegible] sales up 13.2 per cent [illegible] Fl 883m.

In May, the [illegible] unveiled plans to buy the outstanding 25 per cent [illegible] in its loss-making Australian associate company, which [illegible] being restructured.

Recessions in the US, UK [illegible] also [illegible] results, [illegible] higher taxes, the [illegible] said.

Operating profit soars but net held at Fokker

By Ronald van de Krol in Amsterdam

AT [illegible], the Dutch aircraft builder, net profit was virtually [illegible] the first half of 1991, despite [illegible] 52 per cent [illegible] in operating profit.

[illegible] between the two figures is the result of the partial [illegible] of [illegible] non-consolidated [illegible] in [illegible] and the [illegible] interest charges in the [illegible] six [illegible].

First-half [illegible] profit totalled Fl 42.2m ($21.6m), little changed [illegible] Fl 41.9m in the [illegible] period. However, the [illegible] figures contained [illegible] profits of Fl 10m on the sale of [illegible] per cent [illegible] Aircraft Financing & Trading (AFT), Fokker's previously 100 per cent-owned financing subsidiary, [illegible] Rolls-Royce [illegible] the [illegible].

[illegible] strong [illegible] in operating profit [illegible] Fl 77.5m [illegible] offset by a sharp [illegible] in [illegible] profit contribution made by non-consolidated companies, from Fl 14.3m [illegible] 1990 [illegible] Fl 3.6m in [illegible]. Mr [illegible] Hendriksen, the group's finance director, attri[illegible] downturn [illegible] the [illegible] cent sale of AFT.

Turnover [illegible] by 17.3 per [illegible] Fl 1.54bn. Net [illegible] charges [illegible] by 67 per [illegible] Fl 39m. This [illegible] due partly [illegible] financing [illegible] a result [illegible] the cancellation of an order [illegible] 11 [illegible] aircraft from Air Europe, the former UK airline which collapsed [illegible] year.

Fokker hopes to [illegible] new [illegible] for the cancelled aircraft by the end of this year.

[illegible] Fokker's net profit nearly doubled, but [illegible] company [illegible] forced to postpone [illegible] resumption of dividend payments because of [illegible] cost-cutting drive sparked by the weakness of the dollar, the currency in which international aircraft sales are denominated.

"The level of the US [illegible] in [illegible] first half of the [illegible] represented a positive development, although this [illegible] not be reflected until 1992," [illegible] company said, noting that its dollar positions were hedged until the end [illegible] 1991.

The [illegible] results would at [illegible] for 1990, when [illegible] profit totalled Fl [illegible].

Some tails win, other tails lose

Nikki Tait unravels the recent shake-up in the US aircraft industry

A RECENT cartoon showed [illegible] jet taxiing [illegible] runway. [illegible] tail, where corporate logos [illegible] usually displayed, was an agglomeration of the [illegible] names in [illegible] US aircraft industry.

It has not quite come [illegible] huge carrier servicing everywhere. But, given [illegible] of change in the US [illegible] during the past year, [illegible] layperson could [illegible] forgiven [illegible] being confused [illegible] owns [illegible].

The Gulf crisis, by plunging [illegible] sector into heavy losses, sharply accelerated the [illegible] airline consolidation. Financially [illegible] carriers [illegible] – often route authorities – [illegible] an unprecedented [illegible] in [illegible] effort to bolster cash [illegible] with more conservative balance sheets [illegible] stronger networks [illegible] up.

[illegible] week, [illegible] Air Lines, [illegible] largest US carrier [illegible] traditionally viewed as [illegible] "nice guy" [illegible] the industry, acquired ailing Pan Am's European operations plus [illegible] shuttle.

It also agreed to take a large minority stake [illegible] the ongoing business. Assuming regulatory approvals are secured for [illegible] deal, Delta [illegible] be well placed [illegible] give United Airlines [illegible] American Airlines, [illegible] industry's dominant duo, a run for their money in Europe.

Europe has not been the only battle-ground. American and [illegible] have [illegible] sive in stepping up their [illegible] vices from the [illegible] Tokyo [illegible] pushing into [illegible] Far [illegible] generally. Northwest Airlines, which ranks number four in the industry, [illegible] also finally secured [illegible] to Australia. The current [illegible] about establishing global networks.

Concentration in the industry [illegible] new. The drive for size derives [illegible] in part [illegible] hub system, [illegible] it [illegible] to [illegible] out. Deregulation brought many [illegible] low-cost carriers into [illegible] industry [illegible] and early [illegible] an inexorable [illegible] consolidation [illegible].

[illegible] the financial [illegible] on [illegible] industry [illegible] been solely Gulf-related. [illegible] domestic travel leading [illegible] overcapacity, [illegible] continued [illegible] rise.

Nevertheless, [illegible] jump [illegible] prices [illegible] end of [illegible] and [illegible] contraction in [illegible] tional travel in early 1991, [illegible] blow.

It caused [illegible] US industry [illegible] report after-tax [illegible] of [illegible] than $4bn between October [illegible] March and [illegible] painful for [illegible] carriers already financially stretched.

The stronger carriers, [illegible] over, [illegible] easier [illegible] when [illegible] stock market surged in early [illegible] and American have all raised money [illegible] year.

After [illegible] year's shake-out, [illegible] winners [illegible]:

● [illegible] Airlines: acquired three [illegible] Airport and Los Angeles, [illegible] York, from TWA [illegible]. Also began Chicago-Heathrow service. Introduced Miami-Madrid and Chicago-Milan flights. Acquired Continental's Seattle-Tokyo route for $150m and [illegible] awarded [illegible] San Jose-Tokyo [illegible] by the [illegible] transport department. Introduced [illegible] York-Manches[illegible] service.

● United [illegible] bought Pan Am's Heathrow route authorities for $290m. Began Chicago-Tokyo [illegible]. Started service from Washington to Madrid [illegible] Paris. Extended Pacific [illegible] Angeles to [illegible] and Brisbane. Added Washington services to San Juan [illegible].

● Delta: [illegible] week, acquired Pan Am's remaining European business, [illegible] on Frankfurt hub, and [illegible] east coast [illegible] for $416m. Is investing $305m in remaining Pan Am operation, [illegible] on [illegible] American routes, in which [illegible] will have stake of about [illegible] cent. [illegible]ngthened position [illegible] hub by buying [illegible] Air [illegible].

[illegible] half-winners, half-losers:

● [illegible] acquired [illegible] bought [illegible] adding [illegible] Jap[illegible]

operating the Trump Shuttle, which rivals the Pan Am network but will find a competitor with longer pockets in Delta.

● USAir: no major changes.

● Continental: filed under Chapter 11 [illegible] Bankruptcy [illegible] in [illegible] 1990. Has kept its network largely intact, but has been unable [illegible] augment its flight structure.

[illegible] losers:

● Pan Am: sold Heathrow [illegible] to United and remaining European business and east [illegible] Delta. Plans to run remaining Latin American-Caribbean routes from Miami.

● TWA: [illegible] American, and has been [illegible] by problems resulting [illegible] hefty [illegible] under way [illegible] restructure balance sheet, giving [illegible] equity in airline.

● Eastern: grounded its fleet in January, after filing for bankruptcy court protection in 1989. Assets sold by auction.

[illegible] regional [illegible] have [illegible] lost: Midway Airlines based in Chicago, [illegible] America West, operating from Phoenix and Las Vegas.

Both have filed for Chapter 11 protection.

German department store ahead but decline in growth expected

TURNOVER at Karstadt climbed about [illegible] per cent to DM8.4bn ($4.9bn) in [illegible] first six months [illegible] 1991, but the German department store chain said it expected the [illegible] of growth to [illegible] in the latter part of the year, writes [illegible] Campbell [illegible].

The group said that earnings were "clearly" higher than for the period last year, but did [illegible] figures. Net profits for the whole of 1990 rose a steep [illegible] per cent to [illegible], on the back of [illegible] per cent expansion in turnover. [illegible] at the recently acquired [illegible] German stores amounted to [illegible].

First-half turnover [illegible] represents a [illegible] per cent jump over last year; the eastern contribution in that total [illegible] to [illegible].

● Premium [illegible] at Allianz Leben, the life insurance subsidiary of Europe's largest insurance [illegible] per cent [illegible] in [illegible] first half of [illegible], helped by strong growth in [illegible] economy and by domestic investors' increased earning power.

A change in the law next year, which will make state pension provisioning less [illegible], has [illegible] encouraged many Germans to top up [illegible] cover with [illegible] life policies. However, [illegible] in new business [illegible] the industry average.

At Allianz Leben, the sums assured under new policies amounted to DM11.3bn for the period against DM10.2bn, a modest 11.3 per cent increase.

هكذا من الأجل

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Perils of a minority shareholding

Angus Foster on attempts in Hong Kong to change the regulations

WHAT began [illegible] a typical Hong Kong deal, an [illegible] for shares swap between [illegible] companies, has taken [illegible] curious twist. It [illegible] threatens the *standing of the controlling* shareholders and a merchant banking adviser.

The parties acted properly and followed the rules for related company transactions. [illegible] question is, however, whether shareholders were given adequate guidance to approve or reject the deal.

This has raised concerns *over how easily* the rights of minority shareholders in Hong Kong can be ignored and shown weaknesses in the regulatory system which had been designed to [illegible].

Crocodile Garments, a textile company, sold two properties to a sister company, Lai Sun Development, in return for shares. Lai Sun and Citicorp International, financial adviser to [illegible] minority shareholders, recommended the deal because Crocodile would be able to [illegible] on retailing [illegible] Lai Sun [illegible] development. Put [illegible] the vote, 80 [illegible] independent shareholders who [illegible] approved the transaction.

But a minority shareholder has lodged a petition to the High Court – possibly the first ever – under the Hong Kong Companies Ordinance, claiming the transaction was prejudicial to minorities.

The petition pointed out Lai Sun shares had been issued to Crocodile at a 25 per cent premium to the trading price of 99 cents. It alleged the properties being transferred were undervalued and that the transaction was designed to improve Lai Sun's asset base and cash-*flow at the expense of* Crocodile minorities.

The court action may well falter, but is worrying the controlling shareholders, the Lam *family, and Citicorp. The peti*tion [illegible] already [illegible] support from several leading financial companies in Hong Kong which [illegible] unhappy with [illegible] the [illegible] was done.

Jardine Fleming's [illegible] *Select Fund* has [illegible] the unusual step [illegible] becoming [illegible] joint petitioner.

The [illegible] and Futures Commission is embarrassed because it approved Lai [illegible] circular [illegible] shareholders. The document poorly [illegible] the financial [illegible] of the [illegible] on Crocodile and [illegible] not [illegible] why the shares [illegible] be issued [illegible] premium.

Senior bankers have [illegible] expressed surprise that Citicorp could unequivocally endorse [illegible] to Crocodile shareholders, since Lai Sun appeared [illegible] gain [illegible].

Robert Owen: trying to tighten [illegible] loophole

Minority shareholders are [illegible] to getting a rough ride in Hong Kong. Companies are usually controlled by families owning more [illegible] per [illegible] of [illegible] shares while institutional shareholdings [illegible] small and often compliant.

"Hong Kong is [illegible] small town," [illegible] Mr Stephen Clark, [illegible] Anglo [illegible] Corporate Finance, [illegible] petitioner. "Professional money [illegible] often worried [illegible] other [illegible]ships. They should [illegible] demanding or [illegible] people [illegible] with [illegible] the overall value of [illegible] market."

Although [illegible] quality [illegible] banking [illegible] ally good, [illegible] have [illegible] fre*quent cases of banks being appointed [illegible] independent* advisers, yet appearing [illegible] be more [illegible] in their [illegible]tionship [illegible] the controlling shareholder [illegible] with [illegible] of minorities.

In [illegible] last two years improvements have [illegible] made. There [illegible] exchange listing rules and the takeover committee now has to publish *its major decisions.*

Yet there remains a fundamental loophole in the regulatory defence against abuse of minorities. The Securities and Futures Commission has [illegible] ers [illegible] investigation into the [illegible] in [illegible] by [illegible] nies and their controlling shareholders, [illegible] *such* [illegible] it [illegible] pects misfeasance [illegible] against [illegible].

Mr Robert Owen, [illegible] chairman, [illegible] it is trying [illegible] tighten the loophole [illegible] submitted recommendations [illegible] government. The commission wants to widen the scope of matters it can investigate to include malpractice or abusive practices by controllers of listed [illegible].

Any changes will [illegible] approval from [illegible] colony's increasingly political Legislative Council, which [illegible] proposals in [illegible] past. The request may [illegible] attacked by critics in Hong Kong who say the commission already has too much power.

*Hong Kong's voluntary take*over code is also being revised for the first time in 15 years and the commission hopes new rules could be in place by the *end of the year.*

According [illegible] draft proposals [illegible] code will [illegible] ensure [illegible] independence of financial advice, [illegible] responsibilities [illegible] advisers to explain their decisions and increase the range of available sanctions if the rules are broken.

The only existing sanctions against companies or advisers breaching *the* [illegible] are [illegible] private reprimand [illegible] public [illegible]. The [illegible] rarely used, although disciplinary hearings have recently [illegible] place involving [illegible] respected [illegible] firm.

[illegible] SFC [illegible] a "cold shoulder" sanction, [illegible] would [illegible] from operating in [illegible] of the takeovers [illegible]. *For* [illegible] merchant bank, [illegible] effectively [illegible] conducting [illegible] work.

[illegible] observers [illegible] tical about [illegible] promote independent advice and improve protections [illegible] minority shareholders. They argue that in Hong Kong, [illegible] between adviser [illegible] independent advice is therefore less important than competent and [illegible].

A[illegible] problem [illegible] nominee shareholding system in Hong Kong. Because shareholdings [illegible] behind nominees, [illegible] controlling [illegible] shareholding in a supposedly independent vote. Tighter disclosure rules come [illegible] month but will not stop controlling [illegible]sing friendly relationship [illegible] if they [illegible].

Despite talk of improved supervision, some insist Hong Kong's *special flavour will sur*vive: "Investors in Hong Kong back the jockey not the horse. If a tycoon makes money for you, you don't really care what *be does with his companies."*

Caribbean location gives entry to the US

EUROPEAN [illegible] Japanese companies seeking [illegible] to the US market have been finding the island [illegible] Puerto Rico, a US Caribbean possession, an ideal location.

*British companies, in partic*ular, have grabbed at the opportunities for locating in Puerto Rico, especially over the past five years. Some, already with a foothold in the US market, are keen on increasing their market share in that country.

Imperial Chemical Industries, the international chemical group, opened [illegible] pharmaceutical plant in Puerto Rico this [illegible] in the island. Four years ago it put $20m into a plant to produce a cardio-vascular drug for the treatment of high blood pressure. The new plant will produce the active ingredient for the drug.

"About 30 British companies

Puerto Rico is ideal for companies keen to target North American markets, says **Canute James**

are now operating in Puerto Rico in several sectors, but mainly in manufacturing, transportation and insurance," said Mr William Riefkohl, deputy administrator of Fomento, the island's economic development agency.

According to Fomento, total investments from British com*panies have reached $600m,* making UK business the second largest investor after US companies.

Although Royal Dutch/Shell *started operations in Puerto* Rico in 1921, it was not until 1986 that other British companies found the island a worthwhile location. The list now includes Boots, SmithKline Beecham, Glaxo, Fisons, British Oxygen and Unilever.

In common with US mainland companies, British [illegible] have been attracted to [illegible] Rico by a range of tax [illegible] and easy access to the US market.

The island's rapid industrialisation in the past 25 years has been attributed to federal tax exemptions under Section 936 of the US revenue code. This allows [illegible] the island federal [illegible] on income earned from their Puerto Rican operations and deposited in local banks.

"[illegible] experience thus far in Puerto Rico has been very [illegible] and [illegible] considerable potential for the further development of the site beyond our present project," said [illegible] David Friend, chief executive of ICI Pharmaceutical, on the inauguration of the company's plant in Puerto Rico.

In addition to the [illegible] incentives [illegible] benefits in easy access to the US mainland. The island's ports and airports [illegible] shipping of the products and the local road network and telecommunications [illegible]structure are well developed.

Wage rates are lower than on the US mainland. The Economic Development Adminis*tration claims that productiv*[illegible] is higher than on the mainland, that profit-to-equity ratios in Puerto Rico are higher and that the return to the manufacturer [illegible] production wages is [illegible] as high as the US ave[illegible].

Japan is [illegible] quickly becoming an important [illegible] in the island. "Eight Japanese companies are now operating in Puerto Rico," said Mr Riefkohl. "[illegible] companies have traditionally been interested in the US mainland and it is only recently that some have been attracted to Puerto Rico."

The [illegible] Japanese investment will climb significantly with two large resort projects. Kumagai-Gumi of Japan and Williams Hospitality [illegible] the US are investing $200m in the [illegible] one resort. Town Development of Japan [illegible] the $1bn cost of a new resort.

Witbank buys coal interests from Rand Mines

By Philip Gawith in Johannesburg

WITBANK Collieries, the coal arm of the Rand Mines group, is paying R290m ($102.1m) for coal mining interests and rights from Rand Mines. The move is part of a reorganisation of the group's coal interests.

The reorganisation is the lat[illegible] in [illegible] rationalisation moves at Rand [illegible], which has fallen on hard times following heavy losses at its platinum and gold [illegible]. Last [illegible] Rand Mines relinquished control of Barplats, its platinum arm, while it [illegible] been lowering its gold holdings for some time.

Witbank owns or has interests in all of the collieries man[illegible] by Rand Mines, other [illegible] the Rietspruit mine. The acquisition will [illegible] in Witbank holding all of Rand Mines' operating coal interests which, the [illegible] believes, will assist rationalisation [illegible] and allow considerable synergies in the medium and long-term.

[illegible] Collieries [illegible] Africa's third largest coal house, following [illegible] and Trans-Natal. It had [illegible] of [illegible] in the year [illegible] end-September 1990, including 7.9m tonnes of exports. Coal contributed nearly 75 per cent of Rand Mines' earnings in its March interim results.

Rand Mines is busy negotiating the disposal of its mothballed Vansa vanadium operation and is also expected to dispose of its Winterveld chrome mine as well as forestry interests.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at [illegible] pm on August [illegible]

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	[illegible]	102¼		[illegible]
ALBERTA PROVINCE 9 3/8 95	600	[illegible]	105¼	–⅛	[illegible]
AUSTRIA 8 1/2 00	400	100¼	100½	+⅛	8.46
BANK OF TOKYO 8 3/8 96	100	100	100¼	–⅛	8.33
BELGIUM 9 5/8 98	250	105¾	106¼		8.46
BFCE 7 3/4 97	[illegible]	[illegible]	[illegible]	+⅛	7.92
BNP 8 5/8 94	300	102⅝	103	–⅛	7.60
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible] 5 3/4 93 Fl	150	94⅝	95⅝		9.60
[illegible]	[illegible]	102	102½	–⅛	[illegible]
[illegible] INC 9 5/8 93 C$	[illegible]	99⅜	99¾		9.98
[illegible] CANADA 10 5/8 99 C$	150	99⅜	100⅛	–⅛	[illegible]
[illegible] ISH COLUMBIA 9 1/4 93 C$	150	99⅛	99⅜		[illegible]
[illegible] 10 1/8 98 C$	[illegible]	99⅛	[illegible]	–⅛	10.29
ELEC DE FRANCE 9 3/4 99 C$	275	96⅝	97⅛	–⅛	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS / SWISS FRANC STRAIGHTS / YEN STRAIGHTS / FLOATING RATE NOTES / CONVERTIBLE BONDS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate [illegible] for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in [illegible] unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

NEWS IN BRIEF

Teleglobe at C$6.6m for half-year

By Robert Gibbens in Montreal

[illegible] STRONG performance in international [illegible]tions and lower overheads pushed Teleglobe's first-half net profit [illegible] C$6.6m (US$5.73m), [illegible] 15 cents a share, from C$800,000, or 2 cents a share, a year earlier. Revenues rose 4 per cent to C$203m.

Teleglobe operates Canada's overseas telecom system.

Second-quarter earnings were C$5.5m, or 12 cents a share, against C$4.9m, or 12 cents, a year earlier, on revenues of C$104m.

■ SNC Group, which is buying the Lavalin engineering business for C$90m (US$78.2m), had a sharp drop in profits in the second quarter, due mainly to project delays. Earnings were C$900,000, or 7 cents a share, against C$5.5m, or 51 cents, a year earlier.

First-half profit was C$3.7m, or 32 cents a share, against C$10m, or 91 cents a year earlier, on revenues of C$218m, up 9 per cent.

■ Placer Dome, Canada's biggest *gold producer, says lower* silver and base metals prices brought a 67 per cent drop in first-half profits, to C$38m (US$33m), or 16 cents a share, from C$115.9m, or 49 cents, a year earlier. Revenues fell 6 per cent to C$544m. Both periods include gains from discontinued operations.

Gold output rose 13 per cent to 756,000 ounces. Average real[illegible] price [illegible]. Second-quarter profit equalled 9 [illegible] share, against [illegible] a [illegible] earlier, [illegible] of [illegible].

■ Dominion [illegible] only surviving integrated [illegible]tile [illegible] struggling to recover [illegible] heavy losses, [illegible] renegotiated the covenants on C$560m of long-term debt. But the agreement with its lenders requires higher financial charges overall.

■ The Australian Stock Exchange [illegible] asked [illegible] Rupert [illegible] media [illegible] Corp [illegible] explain a sharp rise in its [illegible] price over [illegible] past week, [illegible] reports.

ASX [illegible] News Corp to explain the jump in [illegible] share price [illegible] on Monday [illegible] A$8.14 [illegible] August 6.

Petersville holders urged to reject bid

INDEPENDENT [illegible] Petersville Sleigh an associate of Mr John Spalvins' failed Adelaide Steamship group, have recommended that shareholders reject Pacific Dunlop's A$1.15 a share bid which values the [illegible] group [illegible] (US$292m), Reuter reports.

"The non-Adsteam directors of Petersville Sleigh recommend that non-Adsteam group shareholders reject Pacific *Dunlop's offers,"* Petersville said.

Petersville is 68 per cent controlled by members of the Adelaide Steamship group, restructuring to pay off debts of about A$6bn. Petersville directors, who are also direc[illegible] or [illegible] of [illegible] Adsteam group, have not made a recommendation.

INTERNATIONAL CAPITAL MARKETS

Treasuries steady after sales data

By Patrick Harverson in New York and Sara Webb in London

US bond prices held their own yesterday morning, in spite of [redacted] slightly stronger than expected retail monthly sales data.

By midday the benchmark 30-year Treasury issue [redacted] up ⅛ [redacted] 99⅛, [redacted] yield [redacted] per cent. There [redacted] at the short end of the market however, with the two-year [redacted] down [redacted] 100⅔, yielding [redacted] per cent.

The market [redacted] in early trading [redacted] department reported retail [redacted] rose 0.5 per [redacted] in July [redacted] by [redacted] 0.1 per [redacted] in [redacted] (the original data [redacted] a [redacted] 0.2 per cent). The numbers sparked sporadic profit-taking, [redacted] with the underlying [redacted] the market remaining firm [redacted] hopes [redacted] cuts, [redacted] long before prices [redacted] long end regained [redacted] poise.

■ THE GERMAN government bond market rallied [redacted] outright buying and switching [redacted] Dutch [redacted] bunds.

The Liffe bund futures [redacted] climbed to [redacted] by [redacted] opening [redacted] helped by strong buying [redacted] from Japanese, US [redacted] UK institutions.

Many investors have been underweight in Germany recently but have [redacted] build up their long-dated bund holdings as they expect [redacted] Bundesbank [redacted] tighten monetary policy and curb inflation, currently [redacted] 4.4 [redacted] The

GOVERNMENT BONDS

[redacted] council [redacted] to announce a [redacted] in interest [redacted] at [redacted] meeting on Thursday.

Traders [redacted] switching out [redacted] Dutch government [redacted] into German [redacted] to worries about rising Dutch inflation. The spread between 10-year Dutch [redacted] yields [redacted] from 20 [redacted] points [redacted] basis points in the last ten days.

■ UK GOVERNMENT [redacted] on disappointing producer output figures released yesterday, but picked [redacted] to close higher on the day.

[redacted] output price inflation [redacted] in July, [redacted] first [redacted] January, [redacted] traders said [redacted] sign [redacted] underlying inflation [redacted] coming [redacted] as rapidly [redacted] market had hoped.

Short-dated gilts were barely changed on [redacted] day, [redacted] long-[redacted] gilts rallied [redacted] on. The benchmark 11¾ per [redacted] gilt [redacted] which opened [redacted] 111⅔ reached 111⅛ by [redacted] afternoon.

■ SPECULATIVE buying on expectations of lower short-term interest rates helped [redacted] Japanese government [redacted] prices. Traders said [redacted] overnight unsecured [redacted] money [redacted] expected [redacted] fall over the [redacted] couple of [redacted] The yield on [redacted] mark No [redacted] JGB opened at [redacted] closed in Tokyo [redacted] per cent.

■ [redacted] volume of floating [redacted] (FRNs) issued by Staatsbank [redacted] DM6bn from an initial DM5bn [redacted] strong domestic demand, lead [redacted] Deutsche Bank said, [redacted] reports from Frankfurt.

BENCHMARK GOVERNMENT BONDS

		[redacted]	Red Date	Price	Change	[redacted]	Week [redacted]	Month ago
AUSTRALIA		12.000	11/01	[redacted]	-0.066	10.70	[redacted]	[redacted]
BELGIUM		10.000	08/00	103.4000	-0.100	9.42	9.49	[redacted]
CANADA *		9.750	[redacted]	99.6000	[redacted]	9.81	[redacted]	[redacted]
DENMARK		[redacted]	11/00	[redacted]	[redacted]	[redacted]	9.44	9.27
FRANCE	BTAN	9.000	02/96	[redacted]	[redacted]	9.36	[redacted]	[redacted]
	OAT	9.500	01/01	[redacted]	[redacted]	9.15	[redacted]	9.05
GERMANY		[redacted]	05/01	[redacted]	[redacted]	8.58	8.60	[redacted]
ITALY		[redacted]	[redacted]	96.8800	-0.220	13.51	[redacted]	[redacted]
JAPAN	No [redacted]	4.800	06/99	89.3000	-0.034	6.90	[redacted]	7.18
	[redacted]	6.400	03/00	[redacted]	[redacted]	6.52	6.52	[redacted]
NETHERLANDS		[redacted]	[redacted]	[redacted]	-0.190	8.90	8.86	[redacted]
SPAIN		[redacted]	[redacted]	[redacted]	[redacted]	11.93	11.96	[redacted]
UK GILTS		10.000	[redacted]	99-15	-07/32	10.13	10.10	[redacted]
		[redacted]	02/01	99-15	-14/32	[redacted]	10.00	[redacted]
		[redacted]	[redacted]	93-01	-15/32	9.84	9.79	[redacted]
[redacted] *		[redacted]	[redacted]	[redacted]	+[redacted]	7.94	[redacted]	[redacted]
		[redacted]	[redacted]	[redacted]	+[redacted]	8.20	8.25	[redacted]

London [redacted] morning [redacted] UK in [redacted] in decimal. Yields: Local market [redacted] Technical Data/ATLAS [redacted]

Investor interest in Mexico intensifies

By Sara Webb

INTERNATIONAL equity investors with a penchant for emerging markets are expecting a series of share offerings from Mexico over the coming months.

At [redacted] moment, international houses are competing for the position of European lead manager for shares in Televisa, the Mexican television and publishing group.

Televisa, which is controlled by the Azcarraga family, is expected to be floated this autumn. One of the investment houses competing for the position of European lead manager estimates that Televisa has a valuation of between $750m to $900m following its restructuring last December.

The [redacted] expects about 30 [redacted] cent of

INTERNATIONAL EQUITY ISSUES

[redacted] to [redacted] floated, [redacted] which between 30 to 50 per cent will be offered to investors in the US and Europe.

In addition to its television network in Mexico, Televisa owns a global Spanish language news service. According to one [redacted] house, it also [redacted] Mexico's [redacted] chain of video stores.

International interest in Mexican assets has increased in recent months. Grupo Gigante, the Mexican supermarket and restaurant chain, recently made an initial public offering [redacted] $150m, equivalent to 10 per cent [redacted] the share [redacted] ital.

International investors bought $50m while domestic investors bought $100m, with the issue comfortably oversubscribed. The shares were issued at $7.40 each and traded up to a premium price of $8.10, although they have since fallen to trade at around $7.05.

Grupo Gigante was set up by the Losada family and is still controlled by family interests. The company is expected to use the money raised to repay its short-term debt as well as to invest in new stores, restaurants, computer systems and point-of-sale equipment.

Italians bank on London for valuation expertise

Haig Simonian examines an important departure

No one expects [redacted] see bowler [redacted] rolled umbrellas in Rome. But the current restructuring [redacted] Italy's banking system will [redacted] particularly British touch following [redacted] Italian Treasury's [redacted] pick UK merchant banks to value two of the country's biggest state-owned financial institutions.

S. G. Warburg has been chosen to value [redacted] Mobiliare [redacted] (IMI), the [redacted] financial services and investment banking group which is 50 per cent owned by the Treasury. Kleinwort Benson will do the same job at Crediop, a public works financing organisation, also Treasury controlled.

The two mandates mark a major prestige victory for the UK houses in particular, and [redacted] foreign [redacted] Italy in general. Over [redacted] international [redacted] have set [redacted] Italian [redacted] partly with [redacted] porate finance and privatisation work in mind.

[redacted] already made their mark. [redacted] has been closely involved in [redacted] three-[redacted] Banco [redacted] Spirito, [redacted] Risparmio di Roma and [redacted] di Roma, which will create Italy's biggest bank.

However, the IMI and Crediop deals have a special lustre. Although similar to other valuation work, the [redacted] sions represent the first time [redacted] Mr [redacted] Carli, [redacted] Treasury minister, [redacted] turned [redacted] foreign [redacted] institutions for independent advice.

The two transactions are also big. IMI has a capital of more than L5,360bn (US$4.15bn). It is Italy's biggest fund manager and a leading player in the domestic securities market, particularly for bonds. The group's Fideuram insurance unit is one of the country's biggest [redacted] insurers.

[redacted] well known publicly than IMI, Crediop, also based in Rome, is [redacted] of the [redacted] sources of medium-to-long-term finance for public works [redacted] in Italy.

[redacted] the fact [redacted] the valuations are just [redacted] preliminary step to eventual disposals, the services from Warburg and Kleinwort will form a vital element in two of the biggest

Guido Carli: turned to foreign institutions for first time

changes in Italian banking for years.

Valuing IMI is central to its planned sale to [redacted] group of big urban savings banks, led by Cariplo [redacted] Milan. The [redacted] combine will create a financial powerhouse which will couple the deposit-taking and distribution networks of the savings banks with IMI's merchant banking, trading and insurance skills.

Valuing Crediop is also a cog in a bigger wheel. The Treasury is expected to sell its 50 per cent stake to Istituto Bancario San Paolo di Torino, the big Turin-based bank which already owns more than a third of Crediop's shares. Gaining majority control will consolidate San Paolo's reputation as one of Italy's most dynamic financial institution.

With no lack of competent home-grown [redacted] why [redacted] Italian government turned [redacted] foreigners for valuation advice? Executives [redacted] both Warburg and Kleinwort single out their experience with UK privatisations as the main factor behind their appeal.

But domestic Italian reasons also play a part. Although Italy has plenty of commercial banks, merchant banking skills are more thinly [redacted] and within those skills privatisation experience is limited.

Conflict of interest is another [redacted] Neither top managers at [redacted] IMI would be keen to open their books to corporate financiers from a domestic competitor, bankers suggest.

Both Kleinwort and Warburg are extremely coy about discussing what their latest mandate involves, or how long the valuations should take. Their wariness may stem more from concern about the political overtones to the deals, than revealing trade secrets. Both the IMI and Crediop disposals have their political critics.

The UK bankers' reluctance to commit themselves may also stem from the Treasury's failure so far to set out its precise requirements. Both Warburg and Kleinwort expect tight deadlines for the work.

In the past, valuation work has sometimes been treated as a loss-leader, with banks pitching low in order to gain prestigious clients and possibly win further mandates later in the process.

As neither an auction between potential buyers nor a stock market flotation are required, such ambitions would appear to be restricted in the case of IMI and Crediop. However the UK houses may be hoping for further advisory work, perhaps in structuring the sales or, in the case of IMI and the savings banks, advising on the different types of purchasing vehicle or consortium that could be constructed.

"It's not always strictly valuation work," said one of the bankers involved.

Building society leads way with Ecu floater

INTERNATIONAL BONDS

THE CHELTENHAM and Gloucester Building Society yesterday became [redacted] UK building society [redacted] issue floating-rate [redacted] Ecu, writes Tracy Corrigan.

Dealers said the [redacted] has some growth potential, as [redacted] number of continental European banks and money-market [redacted] have [redacted] appetite for such paper. However, [redacted] in [redacted] reflects scarcity value, as much [redacted] outright demand, and the [redacted] of interest may be turn out to be fairly shallow. The Ecu150m offering of notes, due January 1995, is the [redacted] Ecu floater to emerge for [redacted]

[redacted] UK [redacted] seeking to diversify their investor base are said to be investigating the market. UK building societies are not [redacted] to hold foreign [redacted] borrowing, [redacted] such funding [redacted] be swapped into sterling. The all-in [redacted] of Cheltenham's Ecu financing, swapped [redacted] sterling, [redacted] point or two" of [redacted] £100m three-year floater, also launched yesterday, an official said.

Cheltenham & Gloucester Building Society, the UK's sixth largest, growing at 25 to 30 per [redacted] year, according [redacted] official, and, with plans [redacted] borrow [redacted] £1bn [redacted] year, [redacted] to expand its investor [redacted]

Meanwhile, Citicorp's latest global offering [redacted] backed bonds was launched yesterday, and met steady, if [redacted] than overwhelming demand in Europe. Dealers estimate that, provided the £1.25bn issue of credit card-backed bonds is priced today towards the more generous end of its indicated price range (71-74 basis points above the five-year US Treasury yield), European placement will total 25 per cent, with the US taking most of the remainder.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	[redacted]	[redacted]	Fees	[redacted] runner
US DOLLARS						
Gen.Elec.Capital Corp(b)†	100	8⅝	101.48	1998	[redacted]	[redacted] Int.
Sekai [redacted] Ind.(a)#	100	4⅝	100	1995	2¼/1½	Nikko [redacted]
[redacted] Int.(c)††	50	(c)	100	1994	-	[redacted] Int.
DSP [redacted] Int.(d)††	10	(d)	[redacted]	1996	0.10	[redacted] Int.
STERLING						
[redacted]	150	[redacted]	100	1994	41/31bp	UBS [redacted] Drew
ECUs						
Cheltenham [redacted] Gloucester(e)††	150	(e)	100	1995	30/20bp	[redacted] Phillips [redacted] Drew
Euro.Coal & [redacted] Comm.(a)***	40	9¼	[redacted]	[redacted]	[redacted]	[redacted]
Credit Local [redacted](f)†	25	9⅛	99.05	1994	-	Bankers [redacted] Int.
CANADIAN DOLLARS						
Hypobank(a)†	100	10⅛	101.40	1996	1⅞/1⅜	Hambros Bank
SWISS FRANCS						
Nikkatsu Corp(a)***	30	7½	100⅛	1996	-	SBC
Takahashi Curtain [redacted]	10	7½	100	1996	-	Dai-Ichi [redacted]

**Private placement. [redacted] ‡Floating [redacted] note. †Final [redacted] a) Non-callable. b) Fungible [redacted] $350m [redacted] Libor + [redacted] able. [redacted] Coupon [redacted] 3-month Libor + 40bp for first [redacted] years, then 3-month Libor + 60bp [redacted] Coupon pays [redacted] Libor + [redacted] Non-callable. [redacted] Fungible [redacted] existing Ecu300m deal. Non-callable.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in [redacted] number [redacted] stocks per section

		Tuesday August [redacted] 1991 Index No.	Day's Change %	[redacted] Earnings Yield% (Max.)	[redacted] Div. Yield% (Act at (25%)	[redacted] P/E Ratio (Net)	xd adj. 1991 to date	Mon Aug 12 Index No.	Fri Aug 9 Index No.	Thu Aug 8 Index No.	Year ago (approx) Index No.
1	[redacted] GOODS [redacted]	829.06	+0.4	10.19	5.82	12.11	23.39	825.75	826.26	835.15	810.69
2	Building [redacted]	1048.[redacted]	+0.2	8.78	5.92	14.46	31.82	1046.32	1047.84	1056.68	1035.25
3	Contracting, Construction (31)	1133.67	+0.3	9.70	6.88	13.62	32.68	1130.50	1134.50	1142.56	1334.87
4	Electricals (11)	2431.96	+0.4	10.54	5.48	12.08	63.95	2423.42	2423.16	2442.93	2175.45
5	Electronics (25)	1706.30	-0.3	8.80	5.28	14.60	48.40	1710.85	1709.54	1727.78	1665.51
6	Engineering-Aerospace (8)	414.21	+0.3	16.50	6.05	7.27	12.11	413.02	413.58	419.27	444.36
7	Engineering-General (45)	455.49	+0.4	11.70	5.63	10.49	13.13	453.90	456.18	455.94	453.17
8	Metals and Metal Forming (8)	438.94	+0.6	16.07	8.05	7.64	17.15	436.20	432.32	434.76	443.67
9	Motors (12)	[redacted].83	+2.2	9.69	7.09	12.71	12.13	331.60	331.68	332.52	326.40
10	Other Industrial Materials (20)	1594.11	+0.5	8.73	5.04	13.48	36.42	1586.45	1586.32	1618.95	1455.67
21	CONSUMER GROUP (187)	1522.09	+0.8	7.58	3.59	16.26	26.76	1509.54	1510.58	1523.48	1235.30
22	Brewers and Distillers (22)	1869.38	+0.7	8.22	3.54	14.83	34.70	1857.06	1849.54	1858.96	1527.66
25	Food Manufacturing (19)	1200.63	+0.4	9.56	4.12	12.92	24.86	1196.03	1192.08	1203.68	1045.24
26	Food Retailing (17)	2634.36	-0.2	8.17	3.17	16.01	44.38	2639.17	2643.39	2696.43	2482.41
27	Health and Household (22)	[redacted].60	+1.7	5.34	2.39	21.34	35.00	3567.47	3585.97	3635.31	2423.16
29	Hotels and Leisure (23)	[redacted].77	+1.2	9.00	5.19	13.40	35.83	1313.37	1311.04	1307.59	1326.06
30	Media (26)	1437.37	+0.4	7.68	4.94	16.97	38.58	1431.27	1443.52	1446.95	0.00
31	Packaging, Paper & Printing (17)	744.09	+0.3	7.56	4.43	15.97	15.40	741.71	743.56	744.49	552.11
34	Stores (32)	984.95	+1.0	7.78	3.78	16.78	17.12	975.47	973.01	978.20	784.80
35	Textiles (9)	587.83	-0.3	8.54	5.28	14.54	14.09	589.63	594.44	595.50	460.39
40	OTHER GROUPS (109)	1264.62	+0.4	9.75	5.09	12.79	31.65	1259.57	1260.23	1269.67	1083.83
41	Business Services (12)	1347.61	+0.9	8.01	4.84	15.45	29.77	1335.36	1334.56	1346.43	0.00
42	Chemicals (21)	1438.38	+0.2	7.13	5.01	17.31	45.88	1435.78	1442.15	1453.66	1109.48
43	Conglomerates (10)	1481.71	+0.6	10.05	7.12	12.02	35.14	1472.97	1466.71	1465.87	1495.44
44	Transport (13)	2281.73	....	8.27	4.67	14.98	50.50	2282.45	2281.97	2291.03	2100.08
45	Electricity (16)	1204.00	+0.7	14.51	5.40	8.80	24.04	1196.20	1209.06	1217.57	0.00
46	Telephone Networks (4)	1512.97	+0.1	9.76	4.02	13.41	28.34	1510.96	1509.59	1531.83	1167.08
47	Water (10)	2409.06	+1.3	16.90	6.39	6.55	118.37	2378.56	2361.05	2362.29	2015.56
48	Miscellaneous (23)	1995.94	+0.4	6.09	4.84	21.30	47.89	1987.18	1985.64	1996.98	1629.80
49	INDUSTRIAL GROUP (480)	1270.85	+0.6	8.78	4.50	14.10	28.00	1263.16	1263.95	1274.84	1091.97
51	Oil & Gas (20)	2432.89	+0.4	10.86	5.66	12.11	77.74	2422.79	2412.53	2448.41	2482.03
59	500 SHARE INDEX (500)	1370.01	+0.6	9.05	4.65	13.81	31.95	1362.05	1362.06	1374.87	1205.92
61	FINANCIAL GROUP (92)	817.33	+0.6	-	5.70	-	26.77	812.84	817.94	827.99	745.84
62	Banks (9)	943.26	+1.0	4.52	5.65	41.51	36.83	934.37	944.63	963.65	788.01
65	Insurance (Life) (7)	1565.77	-0.2	-	5.28	-	41.64	1568.59	1564.93	1574.34	1365.80
66	Insurance (Composite) (6)	675.80	+0.6	-	6.49	-	22.61	671.88	676.98	683.33	642.41
67	Insurance (Brokers) (9)	1157.95	-0.3	6.79	5.83	19.11	30.86	1161.36	1160.08	1164.48	915.67
68	Merchant Banks (7)	438.35	-0.8	-	4.78	-	12.16	441.90	445.64	446.31	399.14
69	Property (36)	914.92	+0.8	6.08	5.09	23.43	20.96	907.71	909.82	916.82	1023.43
70	Other Financial (18)	251.62	+0.1	11.41	7.20	10.98	7.99	251.29	251.79	251.75	274.15
71	Investment Trusts (69)	1218.10	+0.5	-	3.51	-	22.35	1212.38	1216.03	1219.93	1118.49
99	ALL-SHARE INDEX (661)	1235.68	+0.6	-	4.76	-	30.23	1228.59	1229.72	1241.56	1094.81

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 12	Aug 9	Aug 8	Aug 7	Aug 6	Year ago
FT-SE 100 SHARE INDEX‡	2584.9	+15.5	2584.9	2573.0	2569.4	2570.6	2600.6	2597.4	2573.3	2234.0

FIXED INTEREST

	PRICE INDICES	Tue Aug 13	Day's change %	Mon Aug 12	[redacted]	xd adj. 1991 [redacted]
	British Government					
1	Up to 5 years (28)	121.54	+0.02	121.52	2.02	7.30
2	5-15 years (27)	132.20	+0.14	132.21	1.84	8.78
3	Over 15 years (9)	141.27	+0.24	140.94	3.15	6.83
4	Irredeemables (6)	155.60	+0.15	155.37	2.97	7.34
5	All stocks (70)	131.24	+0.11	131.21	2.05	8.20
	Index-Linked					
6	Up to 5 years (1)	161.49	+0.24	161.10	0.85	2.72
7	Over 5 years (10)	145.23	-0.07	145.34	0.55	2.95
[redacted]	All stocks (11)	146.28	-0.06	146.37	0.56	2.94
9	Debs & Loans (58)	110.07	-0.20	110.29	1.63	7.16

	AVERAGE GROSS REDEMPTION YIELDS		Tue Aug 13	Mon Aug 12	Year ago (approx.)
	British Government				
1	Low	5 years	8.92	8.95	11.11
2	Coupons	15 years	9.73	9.74	11.11
3	(0%-7¾%)	20 years	9.73	9.74	11.11
4	Medium	5 years	10.09	10.11	12.23
5	Coupons	15 years	9.92	9.95	11.67
6	(8%-10¾%)	20 years	9.86	9.89	11.51
7	High	5 years	10.27	10.28	12.34
8	Coupons	15 years	10.04	10.06	11.95
9	(11%-)	20 years	9.94	9.95	11.80
10	Irredeemables	†	9.91	9.92	11.26
	Index-Linked				
11	[redacted] 5%	Up to 5yrs.	4.26	4.34	4.88
12	Inflation rate 5%	Over 5 yrs.	4.39	4.38	4.25
13	Inflation [redacted] 10%	Up to 5 yrs.	3.37	3.45	3.82
14	[redacted] rate 10%	Over 5 yrs.	4.21	4.20	4.08
15	Debs &	5 years	11.73	11.71	14.17
16	Loans	15 years	11.50	11.47	13.20
17		25 years	11.32	11.29	12.88

‡Opening index 2574.2; 9 am 2576.3; 10 am 2576.5; 11 am 2578.3; Noon 2579.1; 1 pm 2579.6; [redacted] pm 2578.7; 2.30 pm 2580.8; [redacted] pm 2581.5; 4.10 pm 2581.6; (a) 4.30pm (b) 9.09am † Flat yield. Highs [redacted] record, base dates, [redacted] changes are published in Saturday issues. [redacted] list of [redacted] is [redacted] the Publishers, The Financial Times, [redacted] One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE [redacted] covers a range of electronic and [redacted] relating to [redacted] indices. These are [redacted] by subscription [redacted] FINSTAT, [redacted] House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 [redacted]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	51	23	[redacted]
Corporations, Dominion and Foreign Bonds	[redacted]	1	[redacted]
Industrials	328	150	[redacted]
Financial and Properties	120	92	328
Oils	17	21	[redacted]
Plantations	0	[redacted]	6
Mines	14	40	[redacted]
Others	43	45	71
Totals	578	374	1,813

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am't Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	49	10	Aegis Warrants 5p	43½		-	-	-	-
♦	F.P.	-	185	185	Brockhampton 10p	185		-	-	-	-
♦	F.P.	-	33	33	Do. A Warrants 10p	33		-	-	-	-
♦	F.P.	-	155	140	Do. Non/Vtg. A 10p	155		-	-	-	-
†	F.P.	-	110	105	Capital Ventures 1p	109		-	-	-	-
-	F.P.	-	9	9	City of Oxford Wrnts.	9		-	-	-	-
175	F.P.	-	174	163	Claremont Garments 16p	172	+1	L6.95	1.9	5.4	10.7
100	F.P.	-	100	98	County Smaller Cos.	98		M3.38	-	4.6	-
-	F.P.	-	25	20	Do Warrants	25	+1	-	-	-	-
4	F.P.	-	9½	4½	Colver 1p	7½	-½	-	-	-	-
225	F.P.	-	[redacted]	225	Eurocamp 5p	240		R8.5	2.5	4.7	11.5
-	F.P.	-	[redacted]	238	Eurotunnel '91 Wrnts.	238		-	-	-	-
-	F.P.	-	[redacted]	503	Fleming Emrg. Mkts.	513	+8	-	-	-	-
-	F.P.	-	½	¼	Gaelic Res. Wrnts.	¼	-½	-	-	-	-
100	F.P.	-	109	105	Gartmore Scotland Inc.	109	+1	M11.6	-	14.2	-
100	F.P.	-	98	90	Do. Capital	90		-	-	-	-
-	F.P.	-	[redacted]	£605	Do. Units	£615		-	-	-	-
146	F.P.	-	[redacted]	151	Irish Life Ir10p	158		NQ102%	-	5.8	-
100	F.P.	-	[redacted]	101	Kleinwort High Inc. 5p	106		M7.5	-	9.4	-
§290	F.P.	-	314	297	Lowndes Lambert 5p	306		L11.5	1.9	5.0	14.3
125	F.P.	-	[redacted]	89	Mirror Grp. Newspapers	107	+½	R6.55	1.7	8.2	9.5
100	F.P.	-	113	100	Moorgate Smaller Co's.	105	+1	M4.13	-	5.2	-
35	F.P.	-	-	36	Do. Warrants	37		-	-	-	-
100	F.P.	-	[redacted]	101	Murray Split Income 10p	103		M10.58	-	[redacted]	-
100	F.P.	-	[redacted]	98	Murray Split Tst. Cap. 10p	98		-	-	-	-
-	F.P.	-	2550	2520	Do. Units	2550		-	-	-	-
240	[redacted]	-	124½	109	Scot Hydro-Elect. 50p	113	+1½	R9.13	1.9	10.8	6.0
240	100	-	119½	101	Scottish Power 50p	105½	+½	19.2	2.1	11.6	4.7
ff	F.P.	-	47	[redacted]	Scottish Value Trust	47		a1.8	0.8	5.1	34.6
100	F.P.	-	[redacted]	[redacted]	US Smaller Cos.	103		-	-	-	-
100	F.P.	-	[redacted]	23	Do. Warrants	34		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
♦	F.P.	-	107p	106p	Brockhampton N/V 9½pc Rd Prf 1996 £1	106p	
100	F.P.	-	110¼	98¾	Burmah Cap (Jersey) 9½pc Cnv Bds 2006	106¼	+¼
100	F.P.	-	100	99½	Camborne Inds. 10½pc Rd. Deb. 2001	99½	
♦70.5	Nil	-	2½pm	1pm	City of Oxford Zero Div Prf 5p	1½pm	
100	F.P.	-	90	80½	Clayhithe 9½pc Cnv. Ln. 2000-01	83	
100	F.P.	-	102	96¼	EE Finance 8¾pc Gnt. Exch. Bds. 2006	100	-¼
Ir110p	F.P.	-	128p	108p	Fyffes 8.25p (Net) Cnv Cm Prf Ir£1	126p	
100p	F.P.	-	106p	104½p	Gartmore Scotland Zero Div Prf	106p	
100p	F.P.	-	106p	102½p	Kleinwort High Income Zero Div Prf	105½p	
102½p	F.P.	-	106¼p	103p	Murray Split Cap Tst Zero Div Prf 10p	106¼p	
100p	F.P.	-	104½p	97½p	Queens Moat Houses 7½pc Cv Rd Pf	101p	+1
100	F.P.	-	103¾	96¼	RMC Capital 8¾pc Cnv. Bds. 2006	102¾	+½
100	F.P.	-	103½	96¼	Tarmac 9½pc Cnv. Cap. Bds. 2006	98¾	+¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
88	Nil	-	1½pm	1pm	♦Alan Paul 5p	1pm	-½
200	Nil	-	7pm	1¼pm	City of Oxford Units	1½pm	
14	Nil	-	¼pm	¼pm	♦Explaura L/V 5p	½pm	
35	Nil	-	12pm	7pm	Howden Group	8½pm	-2
87	Nil	-	18pm	10pm	JLI Group 20p	14pm	
25	Nil	-	¼pm	¼pm	Mountleigh Group	¼pm	
25	Nil	-	4½pm	½pm	Wheway	½pm	-¼

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. k Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § [redacted] ff [redacted] tion. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. [redacted] Price at a premium.

TRADITIONAL OPTIONS

■ First Dealings Aug. 5
■ [redacted] Dealings Aug. 16
■ [redacted] Declarations Nov. [redacted]
■ For settlement [redacted] 18

For rate indications see end of London Share Service

Calls: Brown & Jackson, Fisher (A.), Next, [redacted] TV am, Trafalgar [redacted] A. Puts: none.

LONDON TRADED OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
[illegible]							

M and S Canada revamp

By Bernard Simon in Toronto

MARKS AND SPENCER, the high-street retail chain, is putting an up-market touch to its stores in Canada in the hope of improving their perennially dismal performance.

Wholly-owned M and S Canada will [illegible] 13,500 sq ft flagship [illegible] in Toronto's Eaton [illegible] after a four-month, C$1.5m [illegible] renovation which includes marble floors, a cream, [illegible] and burgundy decor, and a separate lingerie boutique.

About a dozen of M and S's 70 stores in [illegible] have been given similar treatment. Several of [illegible] most unprofitable outlets are likely to be closed over the next [illegible].

Mr Clive Coombes, M and S Canada's director of marketing, [illegible] yesterday that the British formula [illegible] selling high-quality merchandise in utilitarian surroundings "has clearly not been [illegible]" since M and S [illegible] the North [illegible] market in the mid-1970s.

Mr Coombes said the changes will ensure that the visual format [illegible] complements the quality of the merchandise. The redesign also coincides [illegible] a rising content of imported goods.

Under the terms of [illegible] original investment, M and S made a commitment to the Canadian government that it would source 90 per [illegible] of [illegible] merchandise from local manufacturers until 1985. That proportion has fallen to 50 per cent.

Mr Coombes said that the stores currently buy 35 per cent of their clothing and 80 per cent of their food from British suppliers. Most of the remaining imports come from the Far East.

M and S Canada suffered a C$10.1m loss in the year to March 31 on sales of C$157.1m. This followed a C$10.5m loss in the previous year.

M and S originally planned to use its Canadian stores as a springboard into the US. But its experience north of the border led it to expand in the US through the acquisition of well-known existing chains, notably Brooks Brothers.

M and S's two other Canadian chains, D'Allaird's and Peoples both posted modest profits last year.

Simpsons makes £1.7m placing

Simpsons of Cornhill, the catering group which begins trading on the USM today, yesterday made a £1.7m placing to finance the acquisition of two London hostelries.

Brokers Raphael Zorn Hemsley placed 3.4m shares at 50p. The proceeds will be used to buy the 200-year-old London restaurant, Simpsons of Cornhill, and the Jamaica Wine House, founded in the 17th century, from European Leisure for £2m.

Some £455,000 of the purchase price will be funded by bank borrowings.

Stocklake liquidation

Stocklake Holdings' listing has been suspended following the appointment of liquidators to the company. An extraordinary meeting approved the voluntary winding-up.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 14.08.91: Pool purchase price £/MWh	Final Prices for Trading on 17.08.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.84	18.86	20.86
0100	15.63	18.30	20.32
0130	15.51	18.22	20.24
0200	15.51	18.22	20.24
0230	15.51	18.22	20.24
0300	15.51	18.22	20.24
0330	15.51	18.22	20.25
0400	15.51	18.22	20.25
0430	15.55	18.22	20.25
0500	15.55	18.22	20.25
0530	15.51	17.28	19.29
0600	15.57	17.28	19.29
0630	15.73	15.67	15.67
0700	15.73	18.09	20.11
0730	17.00	18.63	20.87
0800	17.99	18.86	20.91
0830	18.49	20.98	23.04
0900	20.06	20.99	23.10
0930	21.97	21.04	23.14
1000	22.02	21.08	23.18
1030	22.04	21.07	23.20
1100	22.03	21.09	23.22
1130	22.09	21.14	23.27
1200	22.15	27.02	29.29
1230	22.12	26.99	29.24
1300	22.01	21.05	23.17
1330	18.72	20.99	23.08
1400	21.87	20.97	23.08
1430	21.88	20.96	23.05
1500	21.86	20.96	23.05
1530	21.86	26.27	28.48
1600	21.88	29.25	31.49
1630	21.90	29.28	31.48
1700	21.92	29.29	31.52
1730	21.90	26.30	28.50
1800	21.87	20.99	23.05
1830	21.84	20.95	23.03
1900	19.66	18.95	20.98
1930	18.41	18.86	20.91
2000	17.99	18.62	20.64
2030	17.99	18.36	20.38
2100	20.29	18.36	20.38
2130	28.30	20.74	22.83
2200	28.30	20.74	22.81
2230	17.98	20.74	22.80
2300	17.98	20.74	22.80
2330	17.52	18.36	20.37
2400	17.06	15.86	15.86

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be [illegible]

NGC Settlements Limited

Efficiency tops the new agenda

Roland Rudd on the changes implemented by Wassall at MCG

MR STAN Sheasby will never forget the end of January 1990. Wassall, the mini-conglomerate [illegible] by former Hanson executives, had just won its hostile bid for [illegible] Closures, where Mr [illegible].

"We had [illegible] heard a word from [illegible] for two weeks" he says. "Boy, [illegible] worrying." Along with the rest of the local management, Mr Sheasby [illegible] prepared [illegible] a bout of blood-letting. "We knew they had [illegible] ruthless; we had, [illegible] all, been ruthless with our own employees".

But in true Hanson style it was the existing board which was for the chop. Mr Sheasby just filled the boots of one of [illegible] former directors as [illegible] cleared out MCG's boardroom. Delighted with his new role as director with special responsibilities, Mr Sheasby only [illegible] things to [illegible] about the young ex-Hanson eagles who took over his company.

Mr Christopher Miller, Wassall's [illegible] executive, [illegible] Hanson's [illegible] secretary, [illegible] managerial philosophy of his former employer. The day to day running of MCG, the manufacturer of metal and plastic bottle-tops, is left [illegible] the local management. Mr Miller is [illegible] first to admit [illegible] he is no expert in bottle-top manufacturing. His [illegible] lie in [illegible] getting value for money out of businesses.

[illegible] to [illegible] at MCG [illegible] just [illegible] layer of management. Wassall felt [illegible] management relied too heavily on boosting its operating profits from royalties – selling the manufacturing of bottle tops around the world – instead of increasing profits of the Midlands factory. Last year royalties accounted for just £250,000 out of operating profit of £3m.

The first thing Wassall did was to get the new management to embark on an efficiency drive. [illegible] were reduced by £1m by cutting the workforce and streamlining [illegible] production [illegible]. The return on sales and capital was increased by 10 per cent.

Trevor Humphries

Christopher Miller: Hanson-style managerial philosophy

Mr Arthur Church, the new executive chairman, claims [illegible] has [illegible] a change in the attitude of both management [illegible] in their [illegible] to [illegible] efficiency. "The [illegible] thing we did [illegible] it absolutely [illegible] if [illegible] department spends [illegible] it would have to justify it. People [illegible] their budget could [illegible] further than they thought if they [illegible] improving [illegible] quality [illegible] manufacturing".

Mr Church implemented three main changes:

- [illegible] quality inspectors [illegible] as employees [illegible] personally responsible for quality control. Mr [illegible] said he [illegible] involved in efficiency drives in [illegible] change [illegible] culture [illegible] the company. Employees [illegible] every work station in the bottle top plant have to fill out detailed forms on the quality of [illegible] goods.
- [illegible] 12-month stocking period has been cut to three months. Mr David Roper, [illegible] director, complained that [illegible] said "jump" [illegible] management [illegible] "how high?". He says MCG is now more aggressive [illegible] stocking [illegible] pricing.

The company's [illegible] warehouse [illegible] equipped [illegible] lift trucks [illegible] goods vertically, thereby increasing its storage capacity. MCG's other two warehouses [illegible].

- [illegible] workforce [illegible] into [illegible] sub-committees responsible [illegible] drawing [illegible] proposals on increasing efficiency and quality control. Each sub-committee elects [illegible] member [illegible] company's main committee, [illegible] formulates the different proposals [illegible] "action plans".

There is [illegible] to [illegible] that the changes [illegible] have made a difference. [illegible] company has acquired [illegible] BSI symbol of British quality. Companies [illegible] have been assesed in relation to the symbol, known in the trade as BS 5750, appear in the Department of Trade and Industry's register of quality assessed UK companies, reducing inspection costs.

Mr Church's quality drives have also permeated down to the workforce. Mr Charlie Heaton, the AEU plant convener – the company has a single union agreement with the Amalgamated Engineering Union – says the workforce takes great pride in what they do.

"When it [illegible] to quality [illegible] can beat [illegible]" [illegible]. He [illegible] to [illegible] credit that [illegible] original management [illegible] suspicions people [illegible] the young Hanson [illegible] recently [illegible] a meeting [illegible] shop [illegible] in Birmingham, Mr [illegible] he [illegible] the company [illegible] "weathering the storm".

Yet in spite of what appears to be Wassall's success in changing [illegible] of [illegible] company [illegible] is [illegible] bullish [illegible] year's profit forecast. He says the company [illegible] adversely affected by the recession, [illegible] and the [illegible]. [illegible] dropped [illegible] Middle [illegible] MCG [illegible] two significant contracts with Iraq.

[illegible] Mr Church always "keeps something up [illegible] sleeve", inferring [illegible] is more pessimistic than [illegible] needs to be. (The market is certainly expecting MCG to increase profits in spite of the [illegible] problems facing it.) [illegible] Mr Roper is aware [illegible] that for all Mr Church's efficiency drives, Wassall's takeover [illegible] MCG [illegible] judged by the same criteria that it judged the old MCG management: [illegible] amount of profits generated.

Gloomy outlook as Pacer is restricted to $645,000

By Peggy Hollinger

AN INCREASINGLY competitive [illegible] industry and production delays limited pre-tax growth at Pacer Systems, [illegible] US [illegible] and [illegible] company, from $624,000 to $645,000 (£381,000) for the six months to June 30.

The USM-quoted group, which yesterday announced a rise in turnover from $13.1m to $14m, also warned on the second half. "The second half will not be much better, and maybe a little worse, than the first half," said Mr Jack Rennie, chairman.

The order book showed a sharp decline from $73m to $58m. Mr Rennie said this had been expected because of the cyclical nature of contracts. "We expect that toward the year-end the [illegible] will pick up again."

Engineering services, which comprise about two thirds of revenue, continued to perform well, with a slight increase [illegible] year before. The main growth, however, came from Pacer's big ticket product lines which include first signal processing systems – [illegible] high-tech [illegible] used to detect submarines – and flight simulators.

Production problems have delayed delivery of Pacer's first signal [illegible] product to the US Navy.

Earnings [illegible] unchanged [illegible] 0.07 cents [illegible] the interim dividend [illegible] maintained [illegible] 3 [illegible]. Gearing is nil.

AAF lifted to £2.2m by Alloy Wheels acquisition

By Peggy Hollinger

THE PURCHASE of an alloy wheels business boosted results of AAF Investment, the [illegible] holding [illegible] per cent controlled by WA Investment, [illegible] Africa's seventh-largest industrial group.

Pre-tax profits rose 11 [illegible] cent, from £2m to £2.2m, on turnover doubled from £15.1m to £31.1m for the six months to J[illegible] 30. The [illegible] included Alloy Wheels, the leading UK manufacturer, for five months.

"Alloy Wheels made substantial profits in the five months," said Mr Hilton Schlosberg, deputy [illegible]. AAF [illegible] consolidated the previously loss-making [illegible] onto [illegible] and "it is now operating extremely well", [illegible] said.

AAF's second business, System [illegible] Buildings, was hit by recession in the UK and suffered a slight fall in sales. However, turnover in the US increased.

The group [illegible] tured from [illegible] company just two [illegible] ago into an industrial holding combine with [illegible] £9m in the bank. Borrowings have jumped from £10.5m to £21m largely because of acquisitions. Gearing is up from nil to 30 per cent.

[illegible] charges [illegible] £530,000, compared to interest earned of £1m in 1990.

Earnings per share increased [illegible] 10.9p to 11.4p. The [illegible] dividend is raised to 4.5p (4p) and the special distribution [illegible] halved to 0.5p.

NEWS DIGEST

Armitage Bros shows sharp rise

IN SPITE [illegible] virtually [illegible], Armitage Brothers, [illegible] pet foods and [illegible] manufacturer, doubled pre-tax profits from £353,000 to £708,000 in the year ended June 1.

Control of costs, a better mix of sales and reduced interest charges in line with bank borrowings all contributed to the improvement.

Sales declined slightly to £21.8m (£22.1m) following the decision to reduce involvement in the low margin market for dog chews. [illegible] other products were affected by the recession but most of the range fared well against the competition.

Current sales [illegible] restrained by the recession but profits were ahead of last year.

Earnings per share came to 14.2p (6.1p). The final [illegible] is [illegible] to make 5.7p (5.2p).

Downturn at Williamson Tea

Williamson Tea Holdings, which has [illegible] production facilities in India, Ke[illegible] and Tanzania, returned profits of £6.48m pre-tax for the year to March 31. Sales totalled £37.99m.

The results, in line [illegible] company's expectations, compared with restated figures of [illegible] and [illegible] respectively for the [illegible] months ended [illegible] 1990.

Earnings emerged at 71.31p (74.73p) and a [illegible] final dividend [illegible] 15p [illegible] a maintained 25p total.

Aberfoyle in African financing talks

Aberfoyle Holdings [illegible] in discussion with commercial and investment interests in southern Africa and Britain for the medium-term financing of [illegible] policies in Zimbabwe and elsewhere in the region.

The move follows the company's restructuring [illegible] terms of [illegible] £2m [illegible] unsecured loan [illegible].

[illegible] company's [illegible] results will [illegible] be [illegible] until the discussions [illegible] completed – expected to be during October – as directors believe the outcome of the negotiations will clarify [illegible] affecting the results. They relate to [illegible] development [illegible] the [illegible] sugar cane project and [illegible] in other [illegible] industrial activities in the region.

Aberfoyle's other [illegible] include clothing, agriculture and auto-electrical and security [illegible].

Allied-Lyons and Suntory in tea deal

Allied-Lyons, the food and drinks group, through its Lyons Tetley Australia subsidiary, is transferring responsibility for the sale and distribution of its tea products in Australia and the Pacific Basin [illegible] Australia.

[illegible] part [illegible] Suntory Group of Japan and the [illegible] trading arrangement [illegible] the [illegible] of Allied-Lyons and Suntory. The two companies have cross shareholdings in each other and have previously co-operated [illegible] drinks.

Oceana owns 33.11% of Etam

Oceana Investment Corporation said yesterday that it now owned [illegible] received valid acceptances in respect of 21.63m Etam shares, 33.11 per [illegible] of the company's equity.

[illegible] has extended its [illegible] until August 19.

Etam directors again reiterated their view that the offer was inadequate. They said the continued extension [illegible] offer was "a needless distraction which could [illegible] useful purpose."

Aberdeen Trust bids £8.7m for Saltire

Aberdeen Trust [illegible] recommended [illegible] for Saltire Insurance Investments, valuing the latter at £8.7m. That is equivalent to 58p per share and matches the [illegible] value of Saltire on August 9.

Terms are 11 Aberdeen ordinary and [illegible] cash [illegible] every [illegible] Saltire ordinary. Irrevocable undertakings [illegible] accept [illegible] in respect of 50.16 [illegible] cent [illegible] the equity.

Forwell returns to the black

Encouraging but still not acceptable [illegible] how Forwell Group [illegible] profit [illegible] half year [illegible] June 30 1991.

This USM-quoted interior design [illegible] build [illegible] turned in a pre-tax profit [illegible] against a restated loss of £324,000 last time. Turnover [illegible] (£6.52m).

Mr Michael Wheller, chairman, [illegible] trading conditions [illegible] but Forwell Design [illegible] Contracts and Fern[illegible] both profitable, and a number of [illegible] sizeable contracts [illegible] secured.

Confirmed orders currently total over [illegible] which should be improved upon over the coming two months, he added.

Operating profit came to [illegible] (loss [illegible]) [illegible] per share were 0.04p (2.6p) and the interim dividend is omitted (0.375p).

Scapa makes $20m US acquisition

The engineered rolls division of the Scapa Group has acquired the JW Hewitt Machine Co of Neenah, Wisconsin, which manufactures and services rolls and machinery [illegible] the pulp and [illegible] industries.

The [illegible] acquisition together with necessary new plant was in excess of $20m (£11.8m).

[illegible] has also completed [illegible] sale of its German offshoot, Peter Villforth. It said the disposal would allow [illegible] of over £2m on the provision made in its accounts.

Navan calls for I£1.79m

[illegible] Resources, [illegible] Irish [illegible], is [illegible] about I£1.79m (£1.6m) via a 3-for-2 rights issue [illegible] share.

The shares are currently trading at 16p on the London market. However, Dublin brokers J&E Davy are underwriting 5m out of the total issue of 8.95m [illegible] expected [illegible] take up a [illegible] proportion [illegible] the balance.

[illegible] from [illegible] will be used to assist Navan's transition from an exploration to an exploitation company.

BOARD MEETINGS

TODAY

Interims- Britannic Assurance, CSC Investment Trust, Nichols (JN) (Vimto), North Midland Construction, Queens Moat Houses, Ultramar, Ward Holdings.

Finals- Abingworth, Benchmark, Heath (Samuel), Rexmore, Whinney Mackay-Lewis.

FUTURE DATES

Interims-

Abbott Mead Vickers	Sep. 18
BTR	Sep. 5
Bunzl	Sep. 11
Cadbury Schweppes	Sep. 11
CalderGum	Sep. 5
City Centre Restaurants	Aug. 20
Hay & Croft	Aug. 19
Lec Refrigeration	Aug. 22
Richardsons Westgarth	Aug. 22
Sheffield Insulations	Oct. 3
Spear (JW)	Aug. 22
Weir	Aug. 22

Finals-

Aerospace Engineering	Aug. 23
Coronation Syndicate	Sep. 12
Mickleg ate	Sep. 19
Newmark (Louis)	Aug. 22
Pilco	Aug. 20

Expamet tumbles 68% to £2m

By Richard Gourlay

EXPAMET International, the building products and security [redacted] yesterday reported a [redacted] per cent fall in profits [redacted] a sharp first quarter decline [redacted] recession and the Gulf [redacted].

Pre-tax profits [redacted] the six months to June 30 fell [redacted] to £2.01m on [redacted] down 11 [redacted] £76.19m.

Earnings fell from [redacted] 2.75p. Mr Jeremy Beasley, chairman, [redacted] confidence that next [redacted] would [redacted] a sharp improvement following [redacted] cutting lay behind the decision [redacted] maintain the interim dividend, though uncovered by earnings, at 4.18p.

Interest charges rose from £1.76m to £2.25m in spite [redacted] £21m rights issue to reduce debt in April. This was partly because the group started paying [redacted] a deferred payment for Radionics, the US security components [redacted] it bought in [redacted]

Gearing ended the period [redacted] 77 per [redacted] on debt halved from the previous year [redacted]. Mr Beasley said he expected gearing to [redacted] fallen [redacted] 39 per [redacted] by the year-end with [redacted] of £9m.

Debt had not fallen as far as the group had hoped six months [redacted] because of lower profits, [redacted] extraction of working capital and higher [redacted] in connection with disposal [redacted] businesses.

The group [redacted] a [redacted] exceptional provision for restructuring costs and expects the same in the [redacted] half.

Mr Beasley [redacted] group had made [redacted] reduction in [redacted] workforce which would cut [redacted] by £1.5m [redacted] year.

Operating profits in [redacted] rity division fell [redacted] as growth [redacted] main [redacted].

In [redacted] industrial division, which [redacted] bladder [redacted] to help [redacted] liquids movement in industrial systems, operating profits fell [redacted] £1.1m.

[redacted] were hit hard because [redacted] the [redacted] of [redacted] on high margin [redacted] in Expamet's continental European markets.

[redacted] in [redacted] UK building [redacted] tor fell [redacted] per [redacted] but turnover expanded in [redacted] European ducting business.

Operating profits in the division [redacted] 17 per cent [redacted] £1.9m.

COMMENT

Yesterday's share price fall of 11p [redacted] 152p reflected concern that Expamet is reducing its [redacted] quickly enough in spite of [redacted] rights issue. The Radionics acquisition, though a good [redacted] a growth [redacted] is also now looking slightly over-priced. Certainly [redacted] company is [redacted] about raising gearing too far for new acquisitions. [redacted] interim dividend [redacted] by earnings is less worrisome. [redacted] company will benefit from lower interest and [redacted] bills in [redacted] and should push pre-tax profits [redacted] up to [redacted]. This year, [redacted] put pre-tax profits [redacted] about £7m, giving earnings of 8.9p and [redacted] prospective multiple at [redacted] full 17.

Trafalgar rights issue taken up by 88.8%

By Roland Rudd

Trafalgar House, the UK shipping, engineering [redacted] construction conglomerate yesterday announced that [redacted] share[redacted] had taken up [redacted] per [redacted] of the 1-for-3 rights [redacted] 190p. The [redacted] rose [redacted] to close at [redacted].

The rump of the [redacted] worth £18.8m, [redacted] been placed by the brokers, Barclays De [redacted] Wedd and Kleinwort Benson, [redacted] 212p. It will be used [redacted] for [redacted] recommended cash [redacted] worth [redacted] £114m [redacted] Davy Corporation, the UK engineering contractor.

Sir Nigel Broackes, chairman, purchased [redacted] further [redacted] ordinary shares [redacted] 212p apiece taking his holding [redacted] to 3m.

Sir Nigel [redacted] sold his personal holding [redacted] 1.06m ordinary [redacted] 212p per share.

The [redacted] understood [redacted] partly [redacted] reasons [redacted] A shares will [redacted] entitled [redacted] only [redacted] scrip dividend until [redacted] final in [redacted]

[redacted] make its unrelieved advanced corporation [redacted] (ACT) [redacted] by paying out any earlier.

Decorative boost for Kalon

By Jane Fuller

SALES OF paint and other decorating products [redacted] DIY enthusiasts helped Kalon Group, [redacted] paint manufacturer, [redacted] profits by nearly 50 per [redacted] in [redacted] first half of this year.

Virtually all [redacted] pre-tax profit of [redacted] (£2.65m) [redacted] from [redacted] – indeed, some [redacted] the [redacted] much smaller divisions incurred [redacted] bulk [redacted] (£42.8m) turnover also [redacted] from the decorative side.

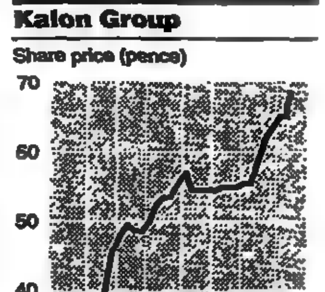
Mr Mike Hennessy, [redacted] ing director, said: "People [redacted] their [redacted] going on holiday." However, Kalon [redacted] also gained [redacted] both in its [redacted] retailers, including pri[redacted] and [redacted] Homecare.

The [redacted] business, involv[redacted] other decorating products such as white spirit and filler, put [redacted] in the first half. Mr Hennessy [redacted] turn[redacted] likely [redacted] be [redacted] compared with £1m [redacted] years [redacted] in spite [redacted] factory fire this [redacted]

Losses were [redacted] £49,000 (£131,000) in chemicals, but they nearly [redacted] to £275,000 in recession-affected industrial coatings. While exports, accounting for less than [redacted] cent [redacted] sales, improved profit, [redacted] Spanish [redacted] operation, which has less than £1m turnover, [redacted]

[redacted] payable was cut [redacted] £217,000 (£582,000) and the group had just over [redacted] in [redacted] the half-way point.

Earnings per share rose [redacted] 2.33p (1.57p) and the interim dividend [redacted] 0.7p (0.5p).



Source: Datastream

COMMENT

An example [redacted] ily being [redacted] bad sign when directors [redacted] their [redacted] has [redacted] presented by Mr Leslie [redacted]ver, chairman of Kalon (and Leeds [redacted] Football Club), who sold part of his family [redacted] April for 54¼p per share, while yesterday [redacted] price [redacted] again [redacted] 68½p; [redacted] it [redacted] about 30p. [redacted] now on a prospective p/e of 15.3, [redacted] pre-tax profit [redacted] £7.6m (£5.9m), [redacted] pre[redacted] well deserved. In the four [redacted] since Mr Hennessy's arrival, the [redacted] loss has [redacted] left far behind and £23m debt has been eliminated. [redacted] December 31, [redacted] group [redacted] expected [redacted] hold £8m [redacted] performance [redacted] outstripped the market norms in [redacted] paint. On [redacted] side, it has [redacted] to expand from [redacted] stores [redacted] 120; sundries are also growing [redacted]idly. The only quibbles are [redacted] continuing losses in chemicals, industrial coatings [redacted] Spain. The first two, [redacted] should [redacted] with [redacted] economy, could either [redacted] off or enhanced by acquisition. The Spanish operation is interesting [redacted] base for overseas expansion of [redacted] paint [redacted]. Although [redacted] share price [redacted] full, [redacted] remains scope [redacted] medium-term growth.

SD-Scicon gets support of Phillips & Drew

By [redacted] Cane

[redacted] Drew Fund Management, which [redacted] of just [redacted] 8 per [redacted] in SD-Scicon, [redacted] UK computing services [redacted] facing [redacted] tile bid from Electronic Data Systems, has [redacted] to [redacted] its [redacted] reject [redacted] per [redacted] EDS.

[redacted] means that the outcome of [redacted] control of SD-Scicon will rest heavily on [redacted] intentions [redacted] Grenfell Asset Management, which holds [redacted] per [redacted] stake.

SD-[redacted] and its declared supporters hold about 28 per cent of the shares; a further 20 per cent is held by shareholders who have not made public their decision.

[redacted] Monday, [redacted] Morgan [redacted] they would [redacted] discussing [redacted] to accept [redacted] EDS [redacted] clients. An early [redacted] was not expected.

EDS, [redacted] nology subsidiary [redacted] of the US, [redacted] 35.5 per [redacted] SD-Scicon, 25 per cent [redacted] was acquired [redacted] lier bid price of 45p from Brit[redacted] Aerospace.

[redacted] that [redacted] been withdrawing acceptances [redacted] bid, [redacted] yesterday [redacted] original 45p offer. "Over [redacted] tions have sold to us and we [redacted] buy in the [redacted] ket".

[redacted] institutional [redacted] Phillips & Drew, the [redacted] now [redacted] they will [redacted] They have made [redacted] that an price in the region 80-85p would be acceptable.

[redacted] is now little [redacted] a white [redacted] making [redacted] bid [redacted] EDS offer [redacted] on Saturday.

Sears to sell loss-making Horne Brothers chain to management

By John Thornhill

SEARS, the retailing conglomerate, [redacted] selling its loss-making Horne Brothers business to a management buy-out team for [redacted] nominal [redacted] as part [redacted] reorganisa[redacted] of [redacted] hard-hit [redacted] division.

The [redacted] chain, which has recorded [redacted] for the [redacted] years, has struggled to establish itself as [redacted] viable retailing [redacted] in [redacted] depressed market conditions.

[redacted] was bought by [redacted] £34m in [redacted] but [redacted] parts of [redacted] business have been hived off or [redacted] other formats in [redacted] portfolio. Sears [redacted] to [redacted] proper[redacted] and [redacted] option [redacted] acquire an equity [redacted] of [redacted] to [redacted] per cent in the new [redacted]ture.

Mr John Lovering, finance director, said Horne had [redacted] unable to [redacted] itself in the premium menswear market.

"Strategically [redacted] idea was [redacted] good one but in [redacted] timing it could [redacted] lot better," he said.

[redacted] management buy-out [redacted] is [redacted] by Mr Murray Gordon, [redacted] chairman of Combined English Stores. Mr [redacted] non-executive chairman of [redacted] ill-starred management [redacted] which bought out the Lewis's department [redacted] chain. He relinquished the post well before [redacted] group [redacted] into [redacted]ship earlier this year.

The loss on the sale of Horne plus [redacted] associated with [redacted] of branches not included in the sale will result in an exceptional cost of [redacted] in Sears' accounts.

The company will incur a further £10m in exceptional [redacted] from reorganising its menswear division's distribution operation and shutting several of its Fosters and Your Price branches.

The restructuring of the menswear division was [redacted] in March following the appointment of Mr David Carter-Johnson as managing director. Since then overheads have been reduced and 200 [redacted] shed. Sears believes the restructuring should result in annual savings of [redacted].

Takare doubles to £3m as expansion continues

By Andrew Bolger

TAKARE, [redacted] rapidly expand[redacted] nursing [redacted] specialises in long-term [redacted] elderly, [redacted] than [redacted] pre-tax profits, [redacted] £2.99m, in [redacted]

[redacted] group [redacted] it [redacted] opened [redacted] during [redacted] first half [redacted] beds in operation by Septem[redacted]. Its plan is [redacted] growing [redacted] a [redacted] of 1,000 [redacted] 1,200 [redacted]ually.

Turnover [redacted] £12.4m [redacted] and earnings to 4.3p (2.6p). [redacted] from [redacted] 0.5p.

[redacted] recently [redacted] political coup by announcing [redacted] Lord Ennals, [redacted] vices secretary [redacted] Labour government [redacted] cur[redacted] opposition health spokes[redacted] in the Lords, [redacted] joined [redacted] a [redacted] director.

As [redacted] 1993 [redacted] the government's care in the community policy approached, Mr [redacted] Bradshaw, chairman, [redacted] it [redacted] clear that health authorities and [redacted] would [redacted] have some responsibility [redacted] chronic patients. Thus Takare would [redacted] public [redacted] potential [redacted] to [redacted] existing demand.

COMMENT

[redacted] a distinctive formula, [redacted] applying with impressive speed. On each [redacted] currently [redacted] least four single-storey units housing 30 patients in single [redacted] supported by a central [redacted] building. It [redacted] design [redacted] it [redacted] make money [redacted] from patients [redacted] dependent [redacted] security support, which [redacted] operators [redacted]plain [redacted] inadequate. [redacted] on Takare's horizon has been [redacted] political uncertainty involved in [redacted] Conservatives nearing [redacted] their current term, but the group's [redacted] bringing Lord Ennals [redacted] would [redacted] will [redacted] change of government. Fore[redacted] profits [redacted] put [redacted] shares, up [redacted] 156p, on [redacted] hefty prospective multiple [redacted] 16, but [redacted] underpinned by [redacted] outlook for earnings growth.

MMC rules against Illingworth buy

[redacted] Monopolies and Mergers Commission yesterday announced that the acquisition by Illingworth Morris of Jarmain [redacted] Son, [redacted] supplier of wool scouring services, [redacted] against the public interest.

The MMC found [redacted] acquisition had resulted in a significant loss of competition in the commission market for wool scouring – a process through which wool is cleaned and degreased – and recommended that Illingworth should dispose of three scouring lines.

Illingworth, the Yorshire textile group which was taken private by its chairman Mr Alan Lewis some two years ago, made the acquisition in December 1990 through Juststrong, an [redacted] Woolcombers Processors in which Illingworth [redacted] 75 [redacted] cent interest.

The MMC recommended that the three lines be sold at public auction to the highest bidder within six months of publication of the report, and that the transferred line should not be replaced at Jarmain for a period of 12 months.

Manchester Ship Canal improves 23% to £4.8m

By Clare Pearson

MANCHESTER Ship [redacted] Company, where [redacted] ings, the [redacted] company, owns 68 per [redacted] of [redacted] shares, yesterday reported interim pre-tax profits 23 per cent up from £3.9m to £4.79m.

Mr [redacted] Hough, chairman, said both the property and port activities performed well. The pre-tax line was struck [redacted] exceptional charges for voluntary [redacted] of a continuing reduction in [redacted] port's workforce.

[redacted] operating profits [redacted] the port operations had improved by 28 per cent [redacted] during [redacted] period, [redacted] by 12.8 per cent [redacted] just over 4m tonnes from the high levels of the previous year.

Income from property [redacted] minerals after expenses increased [redacted] (£1.89m). The first letting [redacted] Quay West, one [redacted] developments, had been completed although at rental levels below earlier hopes.

[redacted] noted that MSCC in May [redacted] "another positive step" in its long-run[redacted] attempt to gain planning permission at Dumplington, its 300 acre site on the edge of Trafford Park and the focus of its attraction for [redacted] John Whittaker, chairman of Peel.

Still at loggerheads with the minority [redacted] after taking control at MSCC in 1987, Mr [redacted] month sold his previously privately-held [redacted] £79m to Peel in a [redacted]ove designed to [redacted] its balance sheet.

Mr Hough [redacted] that [redacted] Department of [redacted] Environment [redacted] confirmed three months [redacted] Dumplington site remained the favoured location for a shopping centre, [redacted] it had looked [redacted] transport representations. This [redacted] "positive", he said.

He said group borrowings represented only 15 per cent of [redacted] funds. There is no dividend. Earnings per ordinary share were 152.8p (102.9p).

Third quarter fall at Huntingdon

By Roland Rudd

HUNTINGDON International, the life sciences and engineering services group, suffered a fall [redacted] £5.1m [redacted] £4.8m in its third quarter pre-tax income, making £12.1m for the [redacted] to end-June.

This was still ahead of the £11.9m for the same period of 1990. Sales for the nine months [redacted] by 24 [redacted] from £71.5m to £88.4m.

Project activity in [redacted] sciences division slowed due to a reorganisation. Sales in the third quarter fell below those of last year.

Engineering was affected by the US recession. The group is focusing on infrastructure projects, such as the $7bn (£4.1bn) Texas High Speed Rail Development, which have been less affected by the downturn.

Earnings per share for the nine months edged up from 10.2p to 10.3p. Earnings per ADR were 88.3 cents.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
AAF Invest ....int	[redacted]	[redacted] 11	5	-	11
Armitage Bros ....fin	3.2	-	2.8	5.7	5.2
Expamet Intl ....int	[redacted]	[redacted]	[redacted]	-	10.36
Forwell [redacted] ....int	nil	-	[redacted]	-	0.375
General Accident ......int	9.7☆	Jan 1	9.7	-	26.75
Kalon ....int	0.7	Oct 1	0.5	-	1.5
Pacer Systems ....int	3★	Dec 18	3	-	8.5
[redacted] ....int	[redacted]	[redacted] 2	[redacted]	-	1.075
Williamson Tea ....fin	[redacted]	[redacted] 2	[redacted]	25	25

Dividends shown pence per share net except where otherwise stated. *Equivalent [redacted] allowing for [redacted] †On capital increased by rights [redacted] acquisition [redacted] ☆Carries scrip option. ★US cents. ‡For nine months. [redacted] throughout. Interim includes special 0.5p (1p).

FT LAW REPORTS

Fishing boat registration rules contravene EC law

[illegible] SECRETARY OF STATE FOR TRANSPORT, EX PARTE FACTORTAME AND OTHERS

European Court of [illegible] (O Due, President; GF Mancini, TF O'Higgins, JC Moitinho de Almeida, GC Rodriguez Iglesias, M Diez de Valasco, Presidents of Chambers; Sir Gordon Slynn, CN Kakouris, [illegible] Joliet, F Grevisse and M Zuleeg, Judges): July 25 1991

UK LEGISLATION for the registration [illegible] fishing vessels contravenes EC principles [illegible] freedom of establishment insofar as it imposes [illegible] of nationality, residence and domicil on legal and beneficial owners, charterers, [illegible] and operators [illegible] the ships, [illegible] the composition and directorship of shipowning companies.

The European Court of Justice so held when determining questions [illegible] to [illegible] by [illegible] High Court [illegible] application by Factortame Ltd and other companies for judicial review of a decision by the secretary of state for transport refusing their ships entry on the British register of fishing vessels.

THE COURT [illegible] the companies [illegible] or operated [illegible] fishing vessels registered as British under the Merchant Shipping Act 1894.

Of [illegible] vessels [illegible] originally registered in Spain [illegible] the Spanish flag. As from [illegible] they were entered [illegible] the [illegible] register. The remaining [illegible] always been registered in the UK, but were purchased by the companies after [illegible]

By Part II [illegible] Merchant Shipping [illegible] and the Merchant Shipping (Registration [illegible] Fishing Vessels) Regulations 1988 [illegible] UK [illegible] previous legislation, to put [illegible] stop [illegible] "quota hopping" whereby its fishing quotas were plundered by vessels which flew the British flag but lacked any genuine link with the UK.

The 1988 Act set up [illegible] new register. Only vessels meeting [illegible] in [illegible] of [illegible] Act might be registered.

Section 14(1) provided [illegible] a fishing vessel was eligible to be registered only if its (a) [illegible] ship was British; (b) operations were managed, [illegible] and controlled from within the UK; (c) charterer, manager or operator was [illegible] "qualified" [illegible] or company.

By section 14(2) a vessel was British-owned if its legal title was vested wholly in "qualified" persons or companies and it was beneficially owned by "qualified" companies or, as to not less than 75 per cent, by "qualified" persons.

By [illegible] 14(7) a "qualified person" meant [illegible] British [illegible] resident and [illegible] in [illegible] UK, and [illegible] "qualified company" meant [illegible] company incorporated in [illegible] UK having [illegible] principal place [illegible] in the UK, at least 75 per [illegible] shares being owned by qualified persons [illegible] companies, and [illegible] least 75 per cent of its directors being qualified [illegible]

Under section 14(4) the [illegible] tary [illegible] might dispense with the nationality condition in the case of an individual in view of the time he had resided in [illegible] UK and been involved [illegible] the [illegible] fishing industry.

The companies' vessels failed [illegible] satisfy the new registration conditions.

They challenged the [illegible]patibility of Part II of the [illegible] Act with EC [illegible] by applying for judicial review. The High Court referred questions [illegible] European Court [illegible] a preliminary ruling.

The first question was whether EC law affected the conditions in which [illegible] member state determined which [illegible] could register, fly its [illegible] and carry [illegible] nationality.

Competence [illegible] determine conditions [illegible] registration [illegible] in member [illegible]. Nevertheless, [illegible] retained by member [illegible] must be [illegible]cised consistently with [illegible] law (see *[illegible] Republic [1988] ECR 2855,3333*).

The UK argued [illegible] position was [illegible] under international law.

It referred [illegible] article 5(1) [illegible] Geneva Convention [illegible] the High Seas, April 29 [illegible] provided that [illegible] conditions for nationality and registration [illegible] ships in [illegible] territory, and the right [illegible] fly [illegible] flag, and "There [illegible] a genuine link between [illegible] ship".

That argument might have [illegible] merit only [illegible] EC law requirements conflicted with [illegible] of [illegible] law.

[illegible] was for member [illegible] determine, in accordance with international law rules, [illegible] registration and the right [illegible] fly their flag, but in exercising [illegible] power, they must comply with EC law.

The second question was whether [illegible] nationality, residence [illegible] conditions [illegible] which [illegible] 1988 Act [illegible] registration subject, [illegible] compatible [illegible] EC law.

The Commission argued that the rules on freedom of establishment in article 52 [illegible] the Treaty, applied.

Registration conditions must not form [illegible] freedom [illegible] establishment.

[illegible] condition which stipulated that where [illegible] was owned [illegible] by natural persons they must be [illegible] a particular nationality, and that where it was owned by or chartered by [illegible] shareholders and [illegible] must be of that nationality, [illegible] contrary to [illegible] 52.

[illegible] for the [illegible] requirement, [illegible] in discrimination on grounds of nationality.

The majority of nationals in a member state were resident and domiciled there and met the requirement automatically, whereas nationals of other member states would, in most [illegible] to move [illegible] and domicil in [illegible] comply.

Such a requirement [illegible]trary to article 52.

It followed that it [illegible] contrary [illegible] EC law, particularly article [illegible] for a member [illegible] stipulate nationality, [illegible] and domicil as conditions [illegible] registering a fishing [illegible] in [illegible] national register.

The condition that the vessel must be managed and [illegible] operations directed and controlled from within [illegible] member [illegible] coincided with the concept [illegible] establishment within the meaning of article [illegible] of [illegible] Treaty, which implied [illegible] fixed establishment.

It was not contrary [illegible] to stipulate that the [illegible] must be managed and its operations directed and controlled from within [illegible] member state.

[illegible] whether [illegible] member [illegible] had [illegible] to dispense with the nationality requirement in respect of an individual in view [illegible] the length of time he had [illegible] there and [illegible] involved in [illegible] fishing industry, [illegible] that the competent authority [illegible] empowered to grant [illegible]tions or dispensations could not justify a national measure contrary to the Treaty.

The third question [illegible] whether [illegible] second question [illegible] by the [illegible] national catch [illegible] allocated pursuant [illegible] Common [illegible] policy.

It [illegible] not the purpose of national registration legisla[illegible] rules for utilisation [illegible] quotas. Such legislation could not be justified by [illegible]nity system of national quotas.

The system of national quotas [illegible] not [illegible] replies given [illegible] question.

In reply to the questions [illegible] it, the Court ruled:

(1) [illegible] determine in accordance with general international [illegible] rules their [illegible] for registration and the right [illegible] fly their flag, but in exercising [illegible] power they [illegible] comply with EC law.

(2) It was contrary [illegible] law and in particular to [illegible] 52, for [illegible] member [illegible] stipulate nationality, [illegible] domicil [illegible] shipowners, charterers, [illegible] and operators, [illegible] shareholders and [illegible] of shipowning companies, as conditions for registration of fishing vessels.

(3) It was not contrary to EC law for a member state to stip[illegible] registration condi[illegible] that [illegible] vessel must be managed, and its operations directed and controlled, from [illegible] member state.

[illegible] The fact that the competent [illegible] a member [illegible] had power to dispense [illegible] the nationality requirement in respect of an individual could not justify [illegible] rule under which registration was subject to requirements [illegible] nationality, residence, domicil.

For Factortame and others: David Vaughan QC, Gerald Barling and David Anderson (Thomas Cooper & Stibbard).

For the UK: Nicholas Lyell QC, [illegible] General, Christopher [illegible] QC, Christopher Vajda and Andrew [illegible] (Treasury Solicitor).

Rachel Davies

Barrister

COMMODITIES AND AGRICULTURE

Striking Chilean copper miners to vote on pay deal

By Pablo Bachelet in Santiago

SEVEN [redacted] the eight unions [redacted] Chile's El Teniente copper mine will today seek their members' approval [redacted] a deal with management that could bring [redacted] end to their current [redacted]

The new draft agreement, hammered out early yesterday, [redacted] and [redacted] proposed by the Chilean Copper Corporation (Codelco), the operator [redacted] the mine. If it is approved by the workforce, work could resume on Thursday. [redacted] would bring a partial end to a 13-day [redacted] at El Teniente, the second largest copper mine in the world.

"After lengthy [redacted] have [redacted] an agreement in principle," said Mr Daniel Trivelli, the chief management negotiator.

"A worker's assembly on Wednesday will [redacted] final [redacted] on the agreement," [redacted] Mr Sergio Shipley, who heads [redacted] union negotiating committee. Radio reports said that the deal included a P240,000 (£410) one-off bonus payment, more holidays, a profit-sharing mechanism and other benefits. However, [redacted] will not [redacted] in wages, their main contract demand which sparked [redacted] strike on August 1.

Teniente's annual output [redacted] of refined copper.

The agreement will [redacted] labour movement. It [redacted] not have the backing of the [redacted] union, Number Eight, whose 3,050 members [redacted] also [redacted] on [redacted] since August 1.

This union [redacted] negotiating separately. Following [redacted] collapse of [redacted] on Monday with [redacted] it [redacted] today planning [redacted] march [redacted] Moneda [redacted] protest [redacted] the company's [redacted] real [redacted] in [redacted]

"[redacted] want to inform [redacted] republic on [redacted] talks," [redacted] Mr Juan Marambio, [redacted] of [redacted] negotiating team.

However, trade sources in Santiago said they did [redacted] expect Union No. 8 [redacted] hold [redacted] alone for long.

The company would not divulge production [redacted] because [redacted] depend on [redacted] the [redacted] switched on at Caletones, the [redacted]by smelting and refining complex. El [redacted] produces copper [redacted]

A similar [redacted] at the Chuquicamata [redacted] mine, [redacted] tion [redacted] an annual production of [redacted] company about 28,000 [redacted] production, according [redacted] Mr Alejandro [redacted] of [redacted] terms, however, [redacted] company [redacted] be higher [redacted] break in [redacted] smelting [redacted] refining process means [redacted] will probably produce [redacted] concentrate, the ground-up [redacted] in [redacted] per that is [redacted] smelting [redacted] affecting [redacted] company's [redacted] line, Mr [redacted]

> ABOUT [redacted] workers [redacted] Peru's state-owned mining company Minero Peru plan to strike from next Monday for [redacted] increases and improved benefits, a union leader said yesterday, reports [redacted] from Lima.
>
> Minero Peru operates [redacted] refinery in the southern town [redacted] Ilo, where Southern Peru Copper Corporation's copper [redacted] processed, [redacted] the country's main zinc refinery at Cajamarquilla.

Phelps Dodge project to start next year

By Pablo Bachelet

PHELPS DODGE, the [redacted] metals group, is to begin construction work early next year at La Candelaria, [redacted] $500m copper venture in the Chilean Atacama desert, [redacted] 800 [redacted] miles) north [redacted] Santiago. [redacted] mine should come into production in 1995.

Mr [redacted] Gorrini, [redacted] Minera Ojos del Salado, a Phelps Dodge subsidiary, which operates a 20,000-tonnes-a-year copper mine located next to La Candelaria, said the financing package should [redacted] ready by the end [redacted] year.

Phelps Dodge has formally requested government officials [redacted] $1.5bn investment for the mine. "This does not mean we have [redacted] spend all [redacted] it," he [redacted] yesterday. "We [redacted] included in [redacted] figure possible expansions over the next 12 years."

La Candelaria's production [redacted] is [redacted] of con[redacted] with a [redacted] per cent copper content, plus [redacted] to [redacted] grams of gold per tonne of copper, Mr Gorrini said. Proven [redacted] and [redacted] plant [redacted] planned [redacted] have capacity [redacted] 28,000 tonnes of ore a day. The [redacted] copper ore grade is 1.14 per [redacted]

So far Phelps Dodge has spent $23m [redacted] La Candelaria on feasibility work and exploration.

The key to the finance package [redacted] exchanging future mine output for [redacted] from smelting [redacted] refining complexes overseas. As part of this strategy [redacted] Corporation took a 20 per cent stake in the proj[redacted] for $40m.

The package [redacted] being put together by S.G. Warburg of London jointly [redacted] Chile and Calta, two local merchant banking operations. One [redacted] that the venture [redacted] "very attractive" [redacted] smelters, which like [redacted] secure long-term supplies.

He [redacted] one [redacted] the [redacted] about a fifth of the cash needs [redacted] from [redacted] sources, probably a consortium of bank lenders or a bond issue on the local market, guaran[redacted] by a local bank. This is [redacted] departure from the normal procedure [redacted] obtaining finance solely from external sources.

US eases barrier [redacted] Brazilian tinned beef

By Victoria Griffith in Sao [redacted]

THE US has re-opened its markets to Brazilian beef in recognition of substantial improvements in the country's testing laboratories.

Imports of Brazilian beef were suspended last year when the [redacted] Department of Agriculture [redacted] lacked proper [redacted] the [redacted] growth hormone [redacted] meat. The [redacted] ministry [redacted] agriculture [redacted]quently spent $3m on [redacted]tory improvements. "We [redacted] which should be [redacted] done," Mr John Reddington, agriculture [redacted] US embassy in [redacted] this [redacted] "But [redacted] now [redacted] satisfied [redacted] testing [redacted]ries."

The market has opened only for cooked, canned beef. [redacted] imports continue to [redacted] of the [redacted]ence [redacted] foot and mouth disease in Brazilian cattle.

According to the USDA, the measure will be effective as soon as the Brazilian ministry [redacted] agriculture presents [redacted] letter certifying [redacted] plants [redacted] inspection [redacted]

In an attempt to revitalise the ailing beef sector, the southern state of Rio Grande do Sul has introduced tax incentives to the industry. The Bank of Brazil has also announced plans to off[redacted] beef farmers.

● France, [redacted] adopted a tough stance on illegal [redacted]mone usage, has stopped a big factory farm from selling beef [redacted] agriculture ministry inspectors [redacted] reports Reuters from Paris.

The ministry [redacted] as 85 per cent of the beef tested [redacted] farm, which specialises in fattening cattle [redacted] slaughter, [redacted] growth-stimulating drugs.

The remaining [redacted] animals of the 300- to 500-head factory farm in [redacted] north-western Maine-et-Loire department can only [redacted] slaughtered [redacted] supervision, it said.

Hungary to close aluminium plants

By [redacted] Gooding, Mining Correspondent

HUNGARY IS to close all three of its state-owned aluminium smelters over the next two to three years, eliminating about 42,000 tonnes of exports to the west and total annual capacity of 75,000 tonnes.

Analysts suggest the country's alumina refining operations also might not be viable by the late 1990s.

Hungary's decision follows announcements about modest cuts in aluminium smelter capacity in Austria, Italy and US, and it had helped improve sentiment in a depressed market, said Mr Robin Bhar, analyst with Carr Kitcat & Aitken, part of the Banque Indosuez Group.

"Traders who were ready to cut their throats are putting their razors away because they feel the aluminium price does not have much further to fall and will soon improve," he added. It is expected that the smelter [redacted] will [redacted] Hungalu's 30,000 employees.

Hungalu (the Hungarian Aluminium Trust), [redacted] owned organisation, is vertically integrated and, as well as owning the aluminium smelters, it refines about 850,000 tonnes a year of alumina, an intermediate product. It also mines up to 3m tonnes a year of bauxite, the raw material from which alumina is produced.

According to Mining Journal's annual [redacted], in the past [redacted] Hungary's bauxite has [redacted] exported to [redacted] rest [redacted] sold [redacted] upgrading [redacted] alumina.

[redacted] 60 [redacted] of Hungalu's alumina has also been shipped to the Soviet aluminium industry.

The review says Hungalu produced 2.33m tonnes of bauxite, 848,000 tonnes of alumina and 74,000 tonnes of aluminium in 1990.

According to Reuter, Mr Peter Keresztes, general director of Hungalu, said the organisation had monitored average world smelter costs and concluded [redacted] Hungary's smelters [redacted] competitive today [redacted] could not [redacted] made competitive in [redacted] future.

A combination [redacted] high energy prices in November last year and a slowing in demand for aluminium had forced Hungalu to bring forward its decision to close the smelters, he [redacted]

The smallest, [redacted] Tatabanya (annual capacity 17,000 tonnes), would [redacted] this year. The 22,000-tonnes-a-year unit at Ajka would shut in [redacted] and [redacted] third, at Inota (36,000 tonnes), would [redacted] out [redacted] pro[redacted] in 1993.

The smelters [redacted] for about 40 per cent of Hungary's aluminium requirements. Hungalu is considering the use of secondary (scrap) aluminium; swapping alumina for Soviet aluminium; and direct or indirect investment in foreign aluminium production as possible ways of meeting the future shortfall.

● Jamaica's bauxite (aluminium ore) production in the first six months of this year was 5.53m tonnes, 1.4 per cent more than the first half of last year, writes [redacted] James in Kingston.

The Jamaica Bauxite Institute reported that alumina (aluminium oxide) output in [redacted] period was 1.49m tonnes, an increase of 6.8 per cent.

Mining Annual Review/Metals & Minerals Annual Review, £50 or $100 to non-subscribers, from Mining Journal, 60 Worship Street, London EC2A 2HD.

Passion fruit grows on the pampas

John Barham explains Argentina's entry into the global fruit trade

ARGENTINA [redacted] known for its fertile pampa[redacted] of [redacted] wheat that [redacted] beyond [redacted] nectarines, strawberries, kiwis, avocados, [redacted] fruit, raspberries, [redacted]

After years of quiet expansion, however, fruit and vegetables are now being [redacted] seriously b[redacted] wheat farmers, crushed by falling prices, many fruit and vegetable producers [redacted] making [redacted] money. [redacted] yield profits of 8 to 10 per cent a [redacted] best, but exotic produce has margins as high as 50 per cent.

In [redacted], fruit [redacted] vegetable exports [redacted] $270m, after a [redacted] increase [redacted] previous year. They now account for 12 per [redacted] of Argentina's agricultural output.

Although [redacted] country [redacted] always produced plenty of fruit [redacted] vegetables, [redacted] overshadowed by the huge and once very profitable markets in wheat, soyabeans [redacted] beef. [redacted] prices for [redacted] traditional exports [redacted] with rising demand in European and North [redacted] kets for exotic, fresh, [redacted] produce.

The southern hemisphere [redacted] only produces fruit [redacted] does not grow [redacted] northern [redacted] It can [redacted] produce conventional [redacted] such as strawberries during the austral summer, when it is [redacted] in the northern hemisphere.

Argentina first realised the export potential in [redacted] early 1980s, after Chile, its neighbour and traditional rival, [redacted] already aggressively [redacted] market. The [redacted] Argentina's reaction has cost it valuable [redacted] even [redacted] producer than Chile and other competitors such as Australia, New Zealand and South Africa.

This lethargy [redacted] already [redacted] country [redacted] export [redacted] by Chile. Argentina [redacted] plenty [redacted] but they are [redacted] wrong kind. [redacted] grapes are of the type used to [redacted] wine, [redacted] fresh [redacted]

But Argentina does have two important advantages over Chile. First, it is closer to the West European and North [redacted]can markets. Second, its [redacted] soil, [redacted] subtropical climate of warm summers and cold winters [redacted] it one of [redacted] efficient agricultural producers in the world.

Undaunted, Argen[redacted] ers [redacted] trying to follow Chile's [redacted] Commercial kiwi fruit production only began [redacted] year, with bulbs brought from Chile in 1988. Experts say the first Argentine kiwi fruit are of export quality and [redacted] to market two weeks before their Chilean competitors. There are already about 250 hectares planted with kiwi fruit in Argentina, most of them in Buenos [redacted] province.

However, Argentine farmers are quick to complain that high electricity prices, heavy taxes, rising wage and transport costs, topped off with an overvalued exchange rate, are [redacted] the edge off their competitiveness.

They add that Chile has the advantage of greater experience and [redacted] better [redacted]ing of packaging and marketing techniques. [redacted] all, the Chileans have [redacted] exchange [redacted] and a stable economy. However, [redacted] improving quality, packaging and marketing developed for the export [redacted] increased [redacted] demand in what is the world's most carnivorous society.

Exotic produce can yield profit margins as high as 50 per cent, compared with no more than 10 per cent for traditional crops

Fruit production and exports are still dominated by well-established crops such as oranges, lemons, apples and pears, which are generally produced by large agribusiness corporations. Apples are Argentina's largest fruit crop, with average production of about 900,000 tonnes a year.

Half the crop is pressed for juice, cider or vinegar and half is sold as fresh fruit. About a quarter is exported as fresh fruit, most of it to Brazil and the EC, and the rest is consumed locally.

The more sophisticated apple juice market began developing about 20 years ago to exploit substandard fruit and grew rapidly because it geared output heavily to the export market.

But the new, high margin exotic fruit and vegetables are being produced by small orchards and plantations sometimes owned by farmers as exotic as their fruit.

Mr Adam Eleod, a Buenos Aires banker, began growing white asparagus in 1989 at two farms owned in partnership with four European businessmen. He says the farms broke even last year with their first crop of 455 tonnes, or about one-quarter of Argentina's asparagus exports.

Chile is already well-positioned for the US market which prefers green asparagus whereas Argentina is slightly better positioned for exporting to Europe, especially West Germany, which prefers white asparagus.

Mr Eleod says "in comparison with wheat, where you just sow and reap, investment costs in asparagus are high". He says wheat has investment costs of about $1,000 to $2,000 per hectare, compared with required investments of about $10,000 per hectare of asparagus.

Consumers pay a premium for quality and freshness which requires lots of capital and clockwork logistics. Asparagus picked, packed and chilled in Argentina on Monday can be served in Europe on Wednesday.

Of course, if costs are higher the rewards are much greater. Mr Eleod says his farms will attain full production of 900 tonnes in 1993, earning, he hopes, a net profit of $500,000 a year.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market [redacted] per cent, $ per [redacted] in warehouse, 1,640-1,670 (same).

BISMUTH: European [redacted] market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, [redacted] (same).

CADMIUM: European free market, min. 99.5 per cent, $ [redacted] lb, in [redacted] 1.40-1.65 (1.40-1.60).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, [redacted] (13.00-13.40).

MERCURY: European free [redacted], min. [redacted] per cent, [redacted] per 76 lb flask, in warehouse, [redacted] (same).

MOLYBDENUM: European free market, drummed molybdic oxide, [redacted] per lb Mo, in warehouse, 2.30-2.35 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.40.

TUNGSTEN ORE: European free market, [redacted] min. [redacted] per cent, [redacted] tonne unit [redacted] kg) WO_3, cif, [redacted]

VANADIUM: European free market, min. [redacted] per cent, $ a lb V_2O_5, cif, [redacted] (same).

URANIUM: Nuexco [redacted] /value, $ per lb, U_3O_8, 8.55 (9.05).

LME WAREHOUSE STOCKS
[redacted] at Monday's close)
tonnes

[redacted]	+14,925	to 567,460
Copper	+6,975	to 287,075
Lead	+550	to 87,775
Nickel	[redacted]	to 6,714
Zinc	+350	[redacted]
Tin	-40	[redacted]

Lamb futures

THE LONDON Futures [redacted] Options Exchange [redacted] to [redacted]unch a meat futures contract [redacted] lamb to trade [redacted] its pigmeat contract

It expects the new contract to begin trading on September 27 with January 1992 as the first delivery [redacted] The lot size will be 1,000 kg and settle[redacted] will be in [redacted] Meat and Livestock [redacted] GB Standard Quality Quotation price.

WORLD COMMODITIES PRICES

MARKET REPORT

ALUMINIUM PRICES held steady [redacted] the London [redacted] Exchange yesterday [redacted] a further big [redacted] in LME [redacted] — [redacted] 14,925 [redacted] to a [redacted] tonnes. [redacted] explained [redacted] a continuing [redacted] in [redacted] during [redacted] third quarter [redacted] the [redacted] had already been discounted. [redacted] dipped early in [redacted] day in sympathy with the copper market, but by the [redacted] position was only $1 [redacted] on balance [redacted] a [redacted] The copper market [redacted] under [redacted] of [redacted] partial settlement of the [redacted] Chile's El Teniente mine (see story above). But prices [redacted] in [redacted] afternoon before [redacted] price closed [redacted] down [redacted] a four-week [redacted] £1,309 [redacted] The 6,975-tonne increase in LME [redacted] tonnes, [redacted] highest level [redacted] April [redacted] was much as expected, [redacted] A further bout of Japanese selling pushed the platinum price [redacted] again [redacted] Monday's $2.75-a-troy-ounce [redacted] and [redacted] London [redacted] was [redacted] lower [redacted] an [redacted] That [redacted] in the gold market, [redacted] price [redacted] prices [redacted] with [redacted] December position falling [redacted] anticipated further US selling.

Compiled from [redacted]

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.30-6.35u	-0.05
Brent Blend (dated)	$19.40-9.50	-0.20
[redacted]	[redacted]	[redacted]
W.T.I. (1 pm [redacted])	[redacted]	-0.10
Oil products (NWE prompt delivery per tonne CIF)		+ or -
[redacted]	$248-250	-1
Gas Oil	[redacted]	-1
[redacted] Fuel Oil	[redacted]	-1
Naphtha	$204-205	-1
[redacted]		
Other		+ or -
[redacted] troy [redacted]	$356.75	-1.60
Silver (per troy oz)♣	[redacted]	-2.5
Platinum (per troy oz)	[redacted]	-3.75
Palladium [redacted]	$84.65	+0.10
Copper (US Producer)	[redacted]	+1
Lead (US Producer)	60c	
Tin (Kuala Lumpur market)	15.40r	[redacted]
Tin (New York)	253.5	+0.5
Zinc [redacted] Prime Western)	62c	
Cattle (live weight)†	105.36p	-0.79*
Sheep (dead weight)†	[redacted]	[redacted]
[redacted] (live [redacted])	82.44p	-0.28*
[redacted]	[redacted]	[redacted]
[redacted] daily [redacted] (white)	[redacted]	-13
[redacted] and Lyle [redacted] price	£248.0	[redacted]
Barley (English feed)	£109	
Maize (US No. 3 yellow)	£179.0	+0.5
[redacted] (US Dark Northern)	£101.5	
Rubber [redacted]	52.50	+0.25
Rubber (Oct)♥	53.00	+0.25
[redacted] (KL RSS No 1 Sep)	227.5m	
[redacted] (Philippines)§	[redacted]	-5
Palm Oil (Malaysian)§	[redacted]	-2.5
Copra (Philippines)§	$300	
Soyabeans (US)	£152	-1
[redacted] "A" [redacted]	73.20	[redacted]
[redacted] (64s Super)	367p	

£ a tonne unless otherwise stated. p-pence/kg. [redacted] r-ringgit/kg. [redacted] u-Sep x-Jul/Aug y-Aug/Sep z-Aug ‡-Oct/Nov. †Meat Commission average fatstock prices. * change from a [redacted] ♥London physical [redacted] §CIF [redacted] market [redacted] m-Malaysian [redacted].

SUGAR – London FOX ($ per tonne)

Raw	Close	[redacted]	[redacted]
Oct	192[redacted]	[redacted]	192.40 188.80
Dec	186[redacted]	[redacted]	183.00
Mar	[redacted]	180.40	[redacted] 178.40
[redacted]	183.00	[redacted]	[redacted]
Aug	[redacted]	[redacted]	[redacted] 185.00
Oct	[redacted]		[redacted] 188.00

White	Close	Previous	High/Low
Oct	279.5	[redacted]	[redacted]
[redacted]	268.0	267.0	[redacted]
[redacted]	268.5	268.0	[redacted]
[redacted]	267.0	266.4	270.0 [redacted]
Aug	268.0	267.9	269.0

Turnover: Raw 842 (1268) lots of 50 tonnes. White 1293 (2035)
[redacted] (FFr per tonne): [redacted]

CRUDE OIL – IPE [redacted]

	Latest	Previous	High/Low
Sep	[redacted]	19.62	[redacted]
Oct	19.61	19.72	19.65 19.56
Nov	19.62	19.78	19.69 19.62
Dec	19.6[redacted]	19.70	19.71 19.60
Jan	19.61		19.65 19.56
Feb	19.51		19.51
Apr	19.35		19.40 19.35
IPE Index	19.68	19.55	

Turnover 12794 (11911)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Sep	185.75	186.75	187.00 185.25
Oct	188.50	188.50	188.75 187.25
Nov	190.00	190.50	190.00 189.00
Dec	190.75	191.00	191.00 189.75
Jan	189.00	188.00	189.00 187.75
Feb	184.25	183.50	184.50 184.00
May	171.75		172.00 171.75

Turnover 4208 (11884)lots of 100 tonnes

INDICES

REUTERS (Base: September [redacted] = 100)			
Aug.13	Aug.12	mnth [redacted]	[redacted] ago
1645.5	1659.4	1710.9	1781.2

DOW JONES (Base: Dec. 31 1974 = 100)				
	Aug.12	Aug.9	mnth ago	yr ago
[redacted]	117.19	[redacted]	[redacted]	N/A
Futures	[redacted]	[redacted]	[redacted]	N/A

COCOA – London FOX [redacted]

	Close	[redacted]	High/Low
Sep	642	664	653 640
Dec	[redacted]	689	[redacted] 679
[redacted]	[redacted]	731	725 [redacted]
May	737	749	742 733
Jul	757	768	760 751
Sep	776	786	777 [redacted]
Dec	802	809	803 796
Mar	826	833	[redacted]
May	844	[redacted]	[redacted]
Jul	864	[redacted]	[redacted] 865

Turnover: 6004 (3795) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). [redacted] for [redacted] 12 [redacted] 10 [redacted] average for [redacted] 841.07 [redacted]

COFFEE – London FOX £/tonne

	Close	[redacted]	High/Low
Sep	[redacted]	505	504 495
Nov	524	526	527 520
[redacted]	546	549	549 543
[redacted]	[redacted]	566	565 561

Turnover: 3202 (4415) lots of 5 tonnes
ICO indicator prices (US cents [redacted]) for Aug 12 : Comp. daily 62.06 (62.67) 15 day average 63.40 (63.53)

[redacted] – London FOX £/tonne

	Close	[redacted]	[redacted]
Sep	85.0	85.0	
Nov	90.0	85.0	85.8
Apr	[redacted]	[redacted]	[redacted]

[redacted] 113 [redacted] lots of 20 [redacted]

SOYAMEAL – London FOX [redacted]

	[redacted]	[redacted]	High/Low
Dec	[redacted]	133.50	132.50

Turnover 10 (30) [redacted]

FREIGHT – London FOX $10/index point

	Close	[redacted]	High/Low
Aug	1556	1543	[redacted]
Sep	[redacted]	1625	[redacted]
Oct	[redacted]	1670	[redacted]
Jan	[redacted]	1667	1695 1680
BFI	[redacted]	1473	

Turnover [redacted]

GRAINS – London FOX £/tonne

[redacted]	[redacted]	Previous	High/Low
Sep	111.55	111.40	111.55 111.45
Nov	115.35	115.30	115.40 115.30
Jan	[redacted]	[redacted]	[redacted]
Mar	[redacted]	122.20	122.30 122.20
May	[redacted]		[redacted]

Barley	[redacted]	[redacted]	High/Low
[redacted]	[redacted]	[redacted]	109.60 [redacted]
[redacted]	[redacted]	[redacted]	113.75 [redacted]
Jan	[redacted]		116.80
Mar	119.60		119.75

Turnover: Wheat 255 (48), Barley 274 [redacted] lots of [redacted]

[redacted] – London FOX [redacted] Settlement) p/kg

	[redacted]	[redacted]	High/Low
[redacted]	[redacted]	[redacted]	90.0 89.0
[redacted]	[redacted]	99.0	99.0
Nov	100.0		[redacted]
Jan	100.0		[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
Mar	105.5	[redacted]	[redacted]

Turnover;74 (51) [redacted]

[redacted] – London FOX

	[redacted]	[redacted]	High	Low	
Index	137.[redacted]	136.83			
Sep	139.10	[redacted]	139.40	139.10	[redacted]
Oct	[redacted]	[redacted]	139.60	[redacted]	50
Dec	[redacted]	[redacted]	[redacted]	139.80	80

LONDON METAL EXCHANGE [redacted]

	Close	Previous	High/Low	[redacted]	Kerb close	[redacted]
Aluminium, 99.7% purity ($ per tonne)					Total [redacted] lots	
Cash	1265-7	1265-8		1267-8		
3 [redacted]	1295-7	1297-8	[redacted]	[redacted]	1296-7	[redacted]
Copper, Grade A (£ per tonne)					Total [redacted]	
Cash	1308-10	[redacted]	1308/1306.5	[redacted]		
3 months	1330-1	[redacted]	[redacted]		1332-3	[redacted]
Lead (£ per tonne)					Total [redacted]	
Cash	322.25-2.75	[redacted]	322.5/322	322-3		
[redacted]	333.5-3.75	[redacted]	334/333	[redacted]	[redacted]	[redacted]
Nickel ($ per tonne)					[redacted]	
Cash	8220-30	8295-305	8225/8225	8225-30		
3 [redacted]	8190-200	8265-70	[redacted]	8190-5	8180-5	[redacted] lots
Tin ($ per tonne)					[redacted]	
Cash	5570-80	5570-80	[redacted]	[redacted]		
3 months	5762-5	5760-5	5769/5745	5760-5	5760-5	[redacted] lots
Zinc, Special High Grade ($ per tonne)					[redacted] lots	
Cash	1054.5-5.5	1061-1.5	1056/1055	[redacted]		
3 months	1073.5-4.0	[redacted]	1075/1073	1074.5-5.0	1072-3	[redacted]

LME [redacted] £/$ rate
SPOT: [redacted] 1.6760 [redacted] 1.6670 [redacted]

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	[redacted]	
[redacted]	[redacted]	
Morning [redacted]	[redacted]	210.698
Afternoon fix	[redacted]	210.416
Day's high	[redacted].30-357.60	
Day's low	356.70-357.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.22	6 months	[redacted]
2 months	5.15	12 [redacted]	
[redacted]	5.16		

[redacted] fix	p/fine oz	US cts [redacted]
Spot	233.05	395.[redacted]
3 months	239.30	400.80
6 months	245.50	405.55
12 months	257.50	418.80

GOLD COINS
(Prices supplied by Engelhard [redacted])

	$ price	£ equivalent
Krugerrand	357.00-359.00	210.50-211.00
Maple leaf	366.00-367.00	215.75-216.25
New Sovereign	86.00-87.00	50.75-51.25

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	[redacted]	[redacted]	Sep	[redacted]
1200	79	117	1	10
1300	10	50	31	41
1400	0.5	15	120	104
Copper (Grade A)	**Calls**		**Puts**	
2150	[redacted]	[redacted]	8	52
2250	23	63	46	101
2350	3	32	124	167
Coffee	**Sep**	**Nov**	[redacted]	**Nov**
450	[redacted]	74	[redacted]	1
500	7	31	7	8
550	0	9	59	[redacted]
Cocoa	[redacted]	**Dec**	[redacted]	[redacted]
[redacted]	10	64	18	[redacted]
675	4	50	37	41
700	1	41	[redacted]	57
Brent Crude	**Oct**	[redacted]	[redacted]	[redacted]
1900	75	0	18	[redacted]
1950	46	[redacted]	[redacted]	[redacted]
2000	[redacted]	[redacted]	0	[redacted]

New York

GOLD 100 troy oz.; $/troy oz.

	Close	[redacted]	[redacted]	
[redacted]	[redacted]	357.5	357.0	355.1
[redacted]	[redacted]	[redacted]	358.0	358.0
Oct	358.9	360.2	[redacted]	[redacted]
Dec	362.2	363.5	362.9	362.0
Feb	[redacted]	[redacted]	[redacted]	[redacted]
Apr	[redacted]	[redacted]	0	0
Jun	371.8	[redacted]	0	0
[redacted]	[redacted]	[redacted]	0	0
[redacted]	[redacted]	[redacted]	0	0

PLATINUM 50 [redacted] oz; $/troy oz.

	[redacted]	[redacted]	High/Low	
Aug	348.2	353.1	0	0
Oct	351.7	356.6	353.5	350.0
Jan	356.2	361.3	358.0	355.5
Apr	360.2	365.3	362.5	359.0
Jul	364.2	369.3	0	0
[redacted]	[redacted]	377.3	0	0
[redacted]	387.9	387.5	0	0

SILVER 5,000 [redacted] oz.

	[redacted]	[redacted]	High/Low	
[redacted]	[redacted]	395.3	0	0
[redacted]	[redacted]	398.5	395.5	393.0
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	395.7	[redacted]	0	0
[redacted]	400.3	[redacted]	402.5	400.0
[redacted]	[redacted]	404.7	0	0
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	411.9	414.7	412.5	411.0
Jul	[redacted]	[redacted]	418.0	417.5
Sep	[redacted]	[redacted]	0	0
[redacted]	[redacted]	[redacted]	430.5	[redacted]

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	[redacted]	[redacted]	High/Low	
[redacted]	[redacted]	[redacted]	[redacted]	100.40
[redacted]	[redacted]	100.60	101.50	[redacted]
Oct	100.75	100.30	100.75	0
Nov	100.40	99.90	[redacted]	99.60
[redacted]	100.05	99.50	[redacted]	99.60
Jan	[redacted]	99.00	98.80	98.80
Feb	[redacted]	98.50	98.50	98.50
Mar	98.65	98.00	98.55	[redacted]
Apr	[redacted]	97.35	[redacted]	[redacted]
[redacted]	97.85	97.10	97.45	96.75

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Sep	21.59	21.69	21.64	21.51
Oct	21.52	21.59	21.55	21.44
[redacted]	[redacted]	21.49	21.46	21.37
[redacted]	[redacted]	21.34	21.31	21.21
[redacted]	21.18	21.20	21.16	21.10
[redacted]	21.00	21.06	21.00	21.00
[redacted]	[redacted]	20.91	20.85	20.85
[redacted]	20.53	20.62	20.55	20.53

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Sep	5980	6012	6010	5950
Oct	6060	6113	6105	6050
Nov	6185	6220	6205	6160
Dec	6281	6312	6295	6260
Feb	6305	6336	6310	6270
Feb	6180	6200	6185	6150
Mar	5930	5940	5940	5920
Apr	5710	5720	5710	5680
[redacted]	5545	5560	5560	5530
Jun	[redacted]	5670	5725	5595

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1043	1044	1050	1024
Dec	1106	1107	1114	1087
Mar	1147	1150	1154	1128
May	1173	1178	1177	1156
Jul	1195	1196	1200	1181
Sep	1217	1225	1213	1207
Dec	1252	1255	1257	1238
Mar	1290	1295	1280	1272
May	1312	1318	1305	1305
Jul	1332	1345	1320	1320

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	79.20	79.85	79.75	79.05
Dec	82.85	83.65	83.40	82.60
Mar	86.25	87.10	86.90	86.05
May	88.70	89.45	89.45	88.40
Jul	91.15	91.90	91.20	90.80
Sep	93.65	94.40	94.00	94.00
Dec	97.00	97.80	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	8.36	8.28	8.47	8.23
Mar	8.15	8.18	8.23	8.08
May	8.17	8.15	8.22	8.10
Jul	8.17	8.19	8.24	8.14
Oct	8.21	8.23	8.25	8.20

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	63.80	65.80	63.80	63.80
Dec	64.95	66.95	64.95	64.95
Mar	66.73	68.73	66.73	66.73
May	68.00	70.00	68.00	68.00
Jul	68.85	70.85	68.85	68.85
Oct	65.75	67.75	66.35	66.35
Dec	65.65	67.65	66.50	65.65

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	115.90	116.20	118.25	115.70
Nov	115.10	115.40	116.75	115.00
Jan	114.55	115.15	116.00	114.50
Mar	115.20	115.50	115.90	115.20

COTTON
Liverpool- Spot and shipment sales for the week ended August 9, 1991, amounted to 263 tonnes against 374 tonnes in the previous week. Trading was moderate with interest shown mainly in West African and Russian.

JUTE
C and f Dundee BTC $455, BWC $455, BTD $430, BWD $425; c and f Antwerp BTC $440, BWC $435, BTD $415, BWD $410.

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]

هكذا من الأجل

LONDON STOCK EXCHANGE

Investors active on recovery signals

By Daniel Green

A SET OF economic indicators reinforcing the view that the UK and US economies were showing signs of recovery gave London stocks a late push yesterday.

After initial hesitation, institutions on both sides of the Atlantic were tempted back into the market to look for bargains after several days of stagnant share prices. Turnover recovered sharply from Monday's depressed levels.

Share volume was exaggerated, however, by the placing via Kleinwort Benson and BZW, of the remainder of a rights issue from Trafalgar House. There was also a strong contribution from business services group Hays, which saw heavy trade late in the session.

Special situations also distorted the rise in the FT-SE 100 index. Glaxo, which has the second highest market capitalisation on the UK stock market, rose 40 on news of the partial approval in the UK of its migraine drug Imigran.

For the second session in a row, the Footsie ended at the day's highest level. It rose 15.5 to 2584.9, although more than 4 points of the gain was the result of the move in Glaxo. Of the final turnover of 474.4m, compared with 280.7 on Monday, more than 10 per cent was accounted for by [illegible] in Trafalgar House.

Nevertheless, this was a strong performance from equities at the height of the normally quiet holiday season.

The market was initially uncertain on how to respond to UK industrial production and producer prices figures. Both indicators showed bigger rises than expected, tempting some in the market to suggest that the chances of early interest rate cuts had diminished.

Others preferred to draw their conclusions from the three month trends. Mr Richard Kersley of BZW said that the rate of decline in industrial output was "slowing considerably". Similarly, the three month average of the producer prices index was still falling.

Mr Robin Aspinall [illegible] Schroders said that the producer prices index number was disappointing, especially when the volatile food, drink and tobacco elements were stripped out. He pointed out, however, that the June industrial output figures were artificially boosted by the a [illegible] in North Sea oil. This happens every year ahead of the maintenance season in July when production has to be cut.

The market chose to concentrate on the signs of recovery and was already showing good gains when a turnround in US bond prices, after a weak start, boosted Wall Street. Having closed overnight above 3000, the Dow Jones Industrial Average was showing a gain of 22.59 as London went home yesterday.

In its positive mood, the market shrugged off bigger than expected l[illegible] from [illegible]eral Accident.

Stores [illegible] showed good gains for the second session running. They are seen as early beneficiaries of [illegible] recovery in the economy. UK retail sales for June had shown a bigger than expected rise on Monday. Yesterday's indicators of renewed growth served to trigger demand for the stocks once more. The normally staid Marks and Spencer came in with and unusually sharp 6p rise.

One of the few weak shares in the Footsie was ICI. Traders blamed profit-taking, but most eyes were turning to figures due today from Hanson, which has a 2.8 per cent stake in the company.

Account Dealing Dates		
*First Dealings:		
Jul 29	Aug 12	Sep 2
Option Declarations:		
Aug 8	Aug 29	Sep 12
Last Dealings:		
Aug 9	Aug 30	Sep 13
Account Day:		
Aug 19	Sep 9	Sep 23

*New-time dealings may take place from 8.30 am two business days earlier.

Migraine boost for Glaxo

Glaxo put in the best performance of the day among Footsie stocks as the UK committee on the Health and Safety of Medicines gave limited approval to the company's migraine drug Imigran.

Most analysts said the jump of 40 to 1306p, a new high for the shares, was largely the result of good sentiment. They expressed surprise that the tablet version of the drug had not received simultaneous approval, although it is expected within six months.

However, Mr Paul Krikler of Goldman Sachs added that fears over problems with patients who have heart trouble had been largely allayed. Another researcher added that although the drug has been approved in the Netherlands, US investors took UK approval more seriously. Traders reported strong buying interest from New York yesterday and turnover climbed to a solid 2.6m shares.

Trafalgar placing

Trafalgar House, the shipping, engineering and construction conglomerate, saw hefty turnover as the rump of its £310m rights issue was placed in a cash deal yesterday afternoon. Some 18.8m shares, around 89 per cent of the issue, were sold through securities houses BZW and Kleinwort Benson at 212p apiece.

Traders said the order went through successfully and very quickly. The one-for-three issue was announced towards the end of June and priced at 180p. The stock continued to benefit from a recommendation by UBS Phillips & Drew, which is publishing a buy note today.

Trafalgar firmed 3 to 228p, with turnover of 47m recorded in the "A" shares on the Seaq.

Thorn in demand

Thorn EMI, whose music division produces more than 35 per cent of group profits, advanced 13 [illegible] year's best of 803p on relatively heavy turnover of 1.2m [illegible] the market responded to good results from Dutch leisure/music group PolyGram.

The latter, 80 per cent-owned by the Dutch Philips electrical giant, revealed that first-half profits jumped 25 per cent. Analysts said earnings per share were almost 15 per cent above the most optimistic forecasts. They expected PolyGram to turn in similar profits growth in the second half and said this should be an accurate pointer to Thorn's music business.

Dealers said Thorn EMI shares had responded primarily to the good numbers from PolyGram but also to recent suggestions that Thorn EMI could be considering a spin-off of its EMI music business.

Giving credence to [illegible] spin-off stories, specialists said, was a scheduled trip by analysts to EMI in the US in September, the proposed flotation of a 25 per cent stake in Sony Music (the old CBS business) and a big increase in the compact disc market throughout the world. "Research figures show that the buyer of a new compact disc system buys 20 compact discs during the following 12 months," said one analyst.

Holiday sales lift

Tour operators were among the market's most buoyant performers as leisure specialists upgraded their profits estimates after meetings with leading holiday companies and suggestions that the UK economy is moving out of recession.

Airtours, estimated to have a 15 per cent market share of the UK's so-called "air inclusive tours", shot up 74 to a year's peak of 670p, while Owners Abroad, whose market share is thought to be in the region of 22 per cent, advanced 11½ to a 1991 high of 107½p. Turnover in both was way ahead of usual levels; some 4.2m Owners Abroad shares changed hands.

Mr Darren Mercer, an analyst at Henry Cooke Lumsden, joint broker to Airtours, said he had increased his current year forecast for Airtours from £14m to £18.5m, raising his earnings per share figure by almost 30 per cent from 51.5p to 66.3p. For next year the broker upgraded his estimate from £19m to £27m, or 81p earnings.

Mr Mercer cited an upsurge in winter holiday bookings – "double last year," he said – and increased margins, and said the group's airline and European camping business would make a contribution to profits this year. He described the £18.5m forecast for this year as "a conservative estimate; we are aggressive buyers of the shares".

Hoare Govett was also said to have been a big buyer of the holiday company stocks. "The price war in the business has ended after the Gulf war and the collapse of the Goodman business, profit margins are expanding and the holiday business in improving by the minute," said Hoare. The broker added that "supplies of holidays are now running behind demand."

Mr Roy Owens at Smith New Court commented: "With the summer season sold out at higher margins, a pre-tax profit of £27m for Owners Abroad looks in the bag this year. The outlook for next year is very positive."

A seminar [illegible] broker Smith New Court that highlighted the [illegible] SmithKline Beecham's anti-depressant Seroxat helped the shares [illegible] to 784p in steady trade.

Interim figures from General Accident, the composite insurer, initially sent the company's shares into decline but this was arrested later in the [illegible] analysts emerged from the post-results meeting with the company.

The half-year [illegible] higher than expected [illegible] there was [illegible] disappointment with the same-again dividend.

Mr Andrew Goodwin, composite insurance specialist at UBS Phillips & Drew, said he now expected the company to post a full year loss of £130m but still looked for an increased dividend. He added that this was dependant on an improvement in the UK business this year. "There remains a risk on the claims front if this continues to escalate," he said. On the composite sector Mr Goodwin saw "no real encouragement in the long term". GA closed 4 firmer at 555p, having touched extremes of 539p and 557p. Turnover reached 2m shares.

Turnover in Asda swelled to 10m shares as a line of 4m was sold at 86p. [illegible] ½ down at 87p.

Nomura recommended Argyll, which added a penny at 299p, and suggested a switch out of J. Sainsbury and into Tesco. Sainsbury [illegible] down [illegible] at 361p, while Tesco was up 2 at 268p.

Sears dipped 1¼ to 79½p after the retailer said it would sell Horne Brothers to its management and planned to rationalise its menswear division. This reorganisation will produce exceptional costs of £29m.

Further pressure on the shares came as doubts resurfaced about whether Sears would be able to maintain its interim dividend.

Another positive presentation, this time at Goldman Sachs in New York, benefited Grand Metropolitan on the London market. The shares climbed 14 to 815p as turnover rose to 2.1m.

Rentokil gained 8 to 350p ahead of interim figures due on August 22 which are expected to show healthy profits. The stock is always tightly traded and Robert Fleming Securities argues that although the stock appears highly rated in relation to the market it is still good value.

Expamet International, the building, security and industrial products group, slipped 11 to 152p in reaction to a drop in half-year profits from £6.3m to £2m.

Betterware Consumer Products, which specialises in the direct sale of household products, continued to respond to positive press comment, adding 8 at 167p.

Business services [illegible] Hays firmed 2 to 144p [illegible] unusually heavy turnover of [illegible] shares [illegible] recorded [illegible] the [illegible] ticker. A block [illegible] traded at 141p and [illegible] changed [illegible] 140p.

[illegible] it unveiled disappointing July [illegible] figures. [illegible] recessionary [illegible] in [illegible] industry [illegible] to lower its full year [illegible] by [illegible].

Specialist [illegible] company Courtaulds picked up 6 [illegible] 456p. [illegible] house Hoare [illegible] was recommending [illegible] after speaking [illegible] the company [illegible].

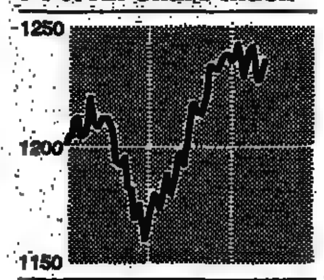
Nursing [illegible] Takare [illegible] firmer [illegible] 156p, reflecting [illegible] in interim profits.

Speculation that Usher-Walker, the printing inks and roller manufacturer, was a bid target [illegible] the [illegible] up [illegible] 200p.

MARKET REPORTERS:
Daniel Green, Peter John, Joel Kibazo, Jim McCallum, Steve Thompson.

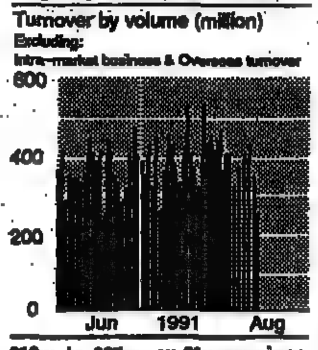
[illegible] market [illegible] the [illegible] Share Indices and [illegible] Options, Page 20.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (54).
BRITISH FUNDS (3) Treas. 9pc 1992, Treas. 2pc I-L 1992, Tre[illegible]2pc I-L 1994, AMERICANS (2) [illegible], Manuf. Hanover, BANKS (1) Sec. [illegible]ic, BREWERS (1) Greene King, CHEMICALS (2) Halstead (J), Rentokil, STORES (7) Courts, Fine Art Devs., Hogg Robinson, Kingfisher, Do. 8½pc Ln. 2000, Liberty, Martin (A), ELECTRICALS (3) Farnell Elec., Telemetrix, Thorn EMI, ELECTRICITY (1) PowerGen, ENGINEERING (2) Fairey, Spirax-Sarco, FOODS (3) Cranswick Mill, Morrison (Wm) Supermarkets, Perkins Foods, INDUSTRIALS (13) BSS, Bespak, Betterware Cons. Products, Simeo, Brit. Polythene Inds., Community Hospitals, Courtaulds, [illegible] Rue, Hafsland Nycomed B, Kalon, Serco, Sidlaw, Welpac, INSURANCE (1) Domestic & Gen., LEISURE (5) Airtours, Euro Disney, Owners Abroad, Do. 9¾p Pf., Zetters, PAPERS (2) Cropper (James), Usher Walker, PROPERTY (1) Bilton (P), TEXTILES (1) Lyles (S), TRANSPORT (2) Tibbett & Britten, Transport Dev., TRUSTS (3) Aberforth Smaller Warrants, Bankers Inv., River Plate Zero Div. Pf., MINES (1) Vogels.
NEW LOWS (37).
CANADIANS (1) Central Capital A, BANKS (1) Union Discount, BUILDINGS (2) Crest Nichol, Sandell, STORES (1) Alan Paul, ELECTRICALS (2) Emess, Laser-Scan, ENGINEERING (2) Robinson (Thos.), Whessoe, FOODS (1) Albert Fisher, HOTELS (2) Aberdeen Steak Houses, Savoy A, INDUSTRIALS (3) Cosalt, Jourdan (T), Securicor, INSURANCE (1) Durham (D.G.), LEISURE (3) Marina Devs., Millwall, Whitegate Leisure, PROPERTY (3) Derwent Valley, Greycoat, Stanhope, TRUSTS (11) Anglo Scandinavian Warrants, Candover, EFM Dragon Warrants, English & Caledonian, First Spanish Warrants, Foreign & Col. German, French Prop. Tst. Warrants, Govett Amer. Endeavour, Intl. Inv. Tst. of Jersey, Nat. Home Loans, Sumit, OILS (3) Ex. Co. of Louisiana A, Goal Pet., Great Western Res. Class A, PLANTATIONS (1) Kuala Lumpur Kepong.

FINANCIAL TIMES [illegible] INDICES

	Aug 13	Aug 12	Aug 9	Aug 8	[illegible] 7	Year Ago	1991 High	1991 Low	Since [illegible] High	Since [illegible] Low
Government Secs	85.57	85.51	85.68	[illegible]	85.65	[illegible]	85.88 (19/2)	[illegible]	[illegible]	[illegible] (3/1/75)
[illegible]	[illegible]	94.45	94.48	94.48	[illegible]	87.20	[illegible] (5/4)	[illegible] (2/1)	105.4 (28/11/47)	50.53 [illegible]
Ordinary [illegible]	2022.3	[illegible]	2005.5	2024.0	2014.9	[illegible]	2024.0 (8/8)	[illegible] (16/1)	2024.0 (8/8/91)	49.4 (26/6/40)
[illegible] Mines	177.4	[illegible]	[illegible]	178.2	176.7	[illegible]	222.6 (11/7)	[illegible]	734.7 [illegible]	[illegible]
FT-SE [illegible]	2584.9	2569.4	[illegible]	2600.6	2597.4	[illegible]	[illegible]	[illegible] (16/1)	[illegible]	[illegible]
FT-SE Eurotrack 200	1171.86	1164.31	1169.48	[illegible]	[illegible]	-	1192.11 (5/6)	938.62 (16/1)	1192.11 [illegible]	[illegible] (16/1/91)
●Ord. [illegible] Yield	4.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
●Earning Yld %(full)	7.80	[illegible]	7.99	[illegible]	[illegible]	11.53				
●P/E [illegible]	[illegible]	[illegible]	[illegible]	15.66	[illegible]	10.53				
SEAQ Bargns 4.45pm	[illegible]	21,951	[illegible]	[illegible]	[illegible]	18,640				
Equity Turnover(£m)†	-	582.57	[illegible]	[illegible]	[illegible]	[illegible]				
Equity Bargains†	-	[illegible]	[illegible]	[illegible]	[illegible]	17,573				
Shares Traded (ml)†	-	[illegible]	352.1	[illegible]	410.3	[illegible]				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, [illegible] 1000 [illegible] & FT-SE Eurotrack 200 26/10/90. ☆ [illegible] 15.21

Ordinary Share Index, Hourly changes — Day's High 2022.3 — Day's Low [illegible]

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2012.0	2013.1	2013.0	2016.3	2016.9	2017.8	2017.8	2020.2	2018.5

FT-SE 100, Hourly changes — Day's High 2584.9 — Day's Low 2573.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2574.7	2576.3	2576.5	[illegible]	[illegible]	[illegible]	2578.7	[illegible]	2580.0

FT-SE Eurotrack 200, Hourly changes — Day's High 1172.69 — Day's [illegible]

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1168.95	1169.15	1171.06	1170.78	1170.27	1171.24	1171.64

GILT EDGED ACTIVITY

Indices*	[illegible]	Aug 9
Gilt Edged Bargains	94.7	[illegible]
5–Day [illegible]	[illegible]	106.5

*SE Activity 1974.
†Excluding intra-market [illegible]

London report and latest Share Index: Tel. 0898 [illegible]

TRADING VOLUME [illegible] MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]	55	405	+8	Cookson	1,100	105½	+1½	Lucas	2,600	149	+1	Seaboard	[illegible]	197	
ASDA Group	[illegible]	87	-½	Courtaulds	1,800	456	+6	MB Caradon	1,300	234	+1	[illegible] Trent Water	5,900	357	+6
Abbey National	1,000	284	+1	Dalgety	400	[illegible]	+2	MEPC	618	[illegible]	+8	[illegible] Transport	2,400	527	+6
Albert [illegible]	3,300	106	-3	De La Rue	231	[illegible]	+4	Manweb	152	[illegible]	-1	[illegible]	167	484	+7
Allied-Lyons	2,700	586	+4	Dixons	1,000	[illegible]		Marks & Spencer	2,800	278	+6	[illegible] Eats	33	258	+1
Amstrad	[illegible]	53	+1½	[illegible] Group	[illegible]	454	-2	Maxwell Comms.	46	187		[illegible] (W.H.) A	758	[illegible]	[illegible]
Anglian Water	939	[illegible]	[illegible]	Eastern Elect.	1,400	174	+3½	Midland Bank	576	[illegible]		[illegible] & Nephew	2,700	[illegible]	
Argos	754	323	+4	East [illegible] Elect.	549	[illegible]		Midlands Elect.	404	197	[illegible]	SmKl Beecham	909	784	[illegible]
Argyll Group	3,500	[illegible]	+1	Enterprise Oil	31	[illegible]	-1	NFC	762	180	+1	SmKl Beecham Uts.	150	[illegible]	[illegible]
Arjo [illegible]	289	275		Eurotunnel Units	224	440		NatWest Bank	2,200	338	+7	[illegible] Inds.	[illegible]	286	[illegible]
[illegible]	22	[illegible]		FKI	1,000	64		National Power	[illegible]	146½		Southern Elect.	971	[illegible]	[illegible]
BAA	1,700	492	-3	Ferranti	2,800	7½	+½	Next	3,800	37	+2	South Wales Elect.	197	299	[illegible]
[illegible]															
British Land	1,100	386	+2	GKI	403	[illegible]		Rentokil	96	350	+8	[illegible]	1,000	517	+5
BP	4,100	337	+1	ICI	641	1325	-8	[illegible]	881	837	+9	[illegible]	2,100	759	
[illegible] Steel	582	124½	+1	Inchcape	2,000	[illegible]	-2	[illegible] Royce	1,200	159		United Biscuits	[illegible]	392	[illegible]
[illegible] Telecom	1,700	362	-1	Kingfisher	785	[illegible]	[illegible]	Rothmans	81	1099	+4	Utd. Newspapers	[illegible]	380	[illegible]
Burns	3,800	59	+1	Ladbroke	[illegible]	[illegible]	-1	Ryl Bk Scotland	2,800	182	-2	Wellcome	[illegible]	724	+3
Burmah Castrol	395	571	-3	Land Securities	[illegible]	[illegible]	+5	Royal Insurance	1,300	414	+9	Welsh Water	[illegible]	357	+1
[illegible]	3,100	36½	+1½	Laporte	[illegible]	[illegible]		Saatchi	5,200	16½		Wessex Water	1,000	386	[illegible]
[illegible] & Wire.	1,100	[illegible]	[illegible]	Legal & General	1,500	436	-3	Sainsbury	2,500	361	-4	Whitbread 'A'	1,000	493	+2
[illegible]	759	376	[illegible]	Lloyds Abbey	[illegible]	492	-1	Scottish & New.	823	416		Williams Hldgs.	1,000	319	+4
Calor Group	74	[illegible]		Lloyds Bank	[illegible]	[illegible]	[illegible]	Scot. Hydro-Elect.	1,200	113	+1½	Willis Corroon	1,100	[illegible]	-3
Carlton Comms.	[illegible]	[illegible]	[illegible]	LASMO	[illegible]	330	[illegible]	Scottish Power	2,500	105½	+½	Wimpey	480	180	+1
Coats Viyella	[illegible]	[illegible]	-2	London Elect.	[illegible]	[illegible]	[illegible]	[illegible]	3,100	79½	-1½	Yorkshire Elect.	[illegible]	225	+3
[illegible] Union	[illegible]	[illegible]	[illegible]	Lonrho	1,400	241		Sedgwick	1,000	289	-1	Yorkshire Water	2,800	385	+1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

A STRONG rise on Wall Street gave a boost to FT-SE futures in after-hours dealing as the latest US retail sales figures led to hopes that consumer spending will lead the economy out of recession, writes Jim McCallum.

September FT-SE rose by 10 points from its official close during after-hours dealing to 2,618. If Wall Street maintained its gains overnight, the London stockmarket should open higher this morning. The futures market had opened firmly taking [illegible] cue from the stockmarket. UK industrial production figures [illegible] better than expected and provided the momentum for a gradual move higher in low volume dealing.

Dealers reported steady buying throughout the day, which refle[illegible] the unwinding of positions taken in equities and then hedged in the f[illegible] market. However, September's premium [illegible] 27 points to [illegible] underlying FT-SE index [illegible] not big enough [illegible] drag [illegible] higher.

A large trade in British Gas lifted turnover in the options market.

The deal involved the buyer [illegible] 1,000 December 260 calls and a seller of 2,000 December 280 calls. In BTR [illegible] seller of 300 February 420 calls also bought February 390 puts.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
100¼	99¼	Exch. 11pc 1991	100	.....	11.00	10.[illegible]
99[illegible]	96[illegible]	Treas. 8pc 1992	99[illegible]	.....	8.06	10.[illegible]
101½	100[illegible]	Treas 12¼pc 1992‡‡	100[illegible]	[illegible]	12.64	10.[illegible]
99[illegible]	97[illegible]	Treas 10pc 1992	99[illegible]	[illegible]	10.02	10.[illegible]
98[illegible]	95[illegible]	Treas. 8pc 1992 ‡‡	98[illegible]	[illegible]	8.12	[illegible]
100[illegible]	98[illegible]	Treas 10½pc Cv 1992‡‡	100[illegible]	[illegible]	10.49	[illegible]
95[illegible]	91[illegible]	Treas. 3pc 1992	95[illegible]	[illegible]	3.13	[illegible]
102[illegible]	100[illegible]	Exch. 12¼pc '92	101[illegible]	[illegible]	12.01	10.[illegible]
104[illegible]	102[illegible]	Exch 13½pc 1992	103[illegible]	[illegible]	13.06	10.[illegible]
97[illegible]	94	Treas 8¼pc 1993	97[illegible]	[illegible]	8.46	10.[illegible]
99[illegible]	97[illegible]	Treas 10pc 1993‡‡	99[illegible]	[illegible]	10.02	10.07
104[illegible]	102[illegible]	Treas 12½pc 1993‡‡	103[illegible]	[illegible]	12.02	[illegible]
94	89[illegible]	Funding 6pc 1993‡‡	93[illegible]	[illegible]	6.39	[illegible]
108[illegible]	105[illegible]	Treas 13¾pc 1993‡‡	107[illegible]	[illegible]	12.85	[illegible]
96[illegible]	92[illegible]	Treas. 8½pc 1994	96[illegible]	[illegible]	8.80	[illegible]
111[illegible]	108[illegible]	Treas 14½pc 1994‡‡	109[illegible]	[illegible]	13.23	10.15
109	105[illegible]	Exch 13½pc 1994	107[illegible]	[illegible]	12.53	10.13
99[illegible]	96[illegible]	Treas. 10pc Ln. 1994‡‡	99[illegible]	[illegible]	10.03	10.08
106[illegible]	103[illegible]	Exch. 12¼pc 1994	106[illegible]	[illegible]	11.79	10.13
97[illegible]	93[illegible]	Treas 9pc 1994‡‡	96[illegible]	[illegible]	9.28	10.08
106[illegible]	102[illegible]	Treas 12pc 1995	105[illegible]	[illegible]	11.39	10.09
89	82[illegible]	Exch 3pc Gas 90-95	86[illegible]	[illegible]	3.47	[illegible]
100[illegible]	96[illegible]	Exch. 10¼pc 1995	100[illegible]	[illegible]	10.20	[illegible]
109[illegible]	105[illegible]	Treas 12¾pc 1995‡‡	108[illegible]	[illegible]	11.72	[illegible]
113[illegible]	109[illegible]	Treas. 14pc '96	112[illegible]	[illegible]	12.44	[illegible]
97[illegible]	92[illegible]	Treas. [illegible] 1992-96‡‡	97[illegible]	[illegible]	9.27	[illegible]
119[illegible]	115[illegible]	Treas [illegible]	117[illegible]	[illegible]	12.94	[illegible]
112[illegible]	108	Exch 13¼pc 1996‡‡	110[illegible]	[illegible]	11.99	10.28
		Five to Fifteen Years				
100[illegible]	95[illegible]	Conversion 10pc 1996	99[illegible]	[illegible]	10.04	10.09
99[illegible]	97[illegible]	Do. 10pc 1996 B	99[illegible]	[illegible]	10.11	10.26
113[illegible]	108[illegible]	Treas 13¼pc 1997‡‡	112[illegible]	[illegible]	11.82	10.28
102[illegible]	97[illegible]	Exch 10½pc 1997	101[illegible]	[illegible]	10.34	10.11
94[illegible]	89[illegible]	Treas 8¾pc 1997‡‡	94[illegible]	[illegible]	9.28	10.04
122[illegible]	117	Exch 15pc 1997	120[illegible]	[illegible]	12.45	10.41
98[illegible]	93[illegible]	Exch. 9¾pc 1998	98[illegible]	[illegible]	9.92	10.10
86[illegible]	80[illegible]	Treas 6¾pc 1995-98‡‡	86[illegible]	[illegible]	7.82	9.55
127[illegible]	121[illegible]	Treas. 15½pc '98‡‡	125[illegible]	[illegible]	12.33	10.29
109[illegible]	104[illegible]	Exch. 12pc 1998	109[illegible]	[illegible]	11.01	10.19
97[illegible]	92[illegible]	Treas 9½pc 1999‡‡	97[illegible]	[illegible]	9.73	9.94
111[illegible]	105[illegible]	Exch. 12¼pc 1999	110[illegible]	[illegible]	11.09	10.21
102[illegible]	97[illegible]	Treas. 10½pc 1999	101[illegible]	[illegible]	10.30	10.12
101[illegible]	95[illegible]	Conversion 10¼pc 1999	100[illegible]	[illegible]	10.19	10.12
94[illegible]	89[illegible]	Conversion 9pc 2000‡‡	94[illegible]	[illegible]	9.52	9.96
116[illegible]	110[illegible]	Treas. 13pc 2000	115[illegible]	[illegible]	11.27	10.30
100[illegible]	94[illegible]	Treas 10pc 2001	99[illegible]	[illegible]	10.04	10.04
118[illegible]	113[illegible]	Treas. 14pc '98-01	117[illegible]	[illegible]	11.95	10.38
98[illegible]	92[illegible]	Treas 9¾pc 2002	97[illegible]	[illegible]	9.96	10.03
100[illegible]	94[illegible]	Treas 10pc 2003	99[illegible]	[illegible]	10.01	10.00

BRITISH FUNDS — Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	107½	[illegible]	10.70	[illegible]
[illegible]	[illegible]	[illegible]	59[illegible]	.....	5.91	[illegible]
[illegible]	[illegible]	[illegible]	96[illegible]	[illegible]	9.84	9.95
[illegible]	88[illegible]	Treas. 9pc 2008 ‡‡	93[illegible]	[illegible]	9.65	[illegible]
[illegible]	89[illegible]	Do. 9pc 2008 C	93[illegible]	[illegible]	9.65	[illegible]
[illegible]	80	Treas 8pc 2009	84[illegible]	[illegible]	9.42	[illegible]
94[illegible]	88[illegible]	Conv 9pc Ln 2011 ‡‡	93[illegible]	[illegible]	9.67	[illegible]
30[illegible]	29[illegible]	Cov. 9pc 2011 A●	30[illegible]	[illegible]	9.79	[illegible]
63[illegible]	58[illegible]	Treas. 5½pc 2008-12‡‡	62½	[illegible]	8.80	9.69
82[illegible]	76[illegible]	Treas. 7¾pc 2012-15‡‡	81[illegible]	[illegible]	9.55	9.78
121[illegible]	113[illegible]	Exch. 12pc '13-'17	[illegible]	[illegible]	10.06	9.82
		Undated				
[illegible]	37[illegible]	Consols 4pc	39[illegible]	[illegible]	10.02	-
35[illegible]	33[illegible]	War Loan 3½pc‡‡	35[illegible]	[illegible]	9.89	-
[illegible]	57[illegible]	Conv. 3½pc '61 Aft	59[illegible]	[illegible]	5.99	-
29[illegible]	28[illegible]	Treas. 3pc '66 Aft	29[illegible]	[illegible]	10.13	-
25[illegible]	23[illegible]	Consols 2½pc	25[illegible]	[illegible]	9.90	-
25[illegible]	23[illegible]	Treas. 2½pc	24[illegible]	[illegible]	10.04	-
		Index-Linked (b)			(1)	(2)
131[illegible]	125[illegible]	Tr. 2pc '92‡‡ (97.8)	131[illegible]	[illegible]	0.47	4.54
119[illegible]	115[illegible]	Do. 2 '94 (102.9)	119[illegible]	[illegible]	3.56	4.45
172[illegible]	168[illegible]	Do. 2pc '96 (67.9)	171[illegible]	[illegible]	3.93	4.43
142[illegible]	137[illegible]	Do 2½pc '01 (78.3)	141[illegible]	[illegible]	4.09	4.37
138[illegible]	133	Do. 2½pc '03 (78.8)	137[illegible]	[illegible]	4.15	4.39
140[illegible]	135	Do. 2pc '06 (69.5)	138[illegible]	[illegible]	4.23	4.42
128[illegible]	124[illegible]	Do. 2½pc '09 (78.8)	126[illegible]	[illegible]	4.25	4.42
132[illegible]	128[illegible]	Do. 2½pc '11 (74.6)	130[illegible]	[illegible]	4.25	4.41
109[illegible]	105[illegible]	Do. 2½pc '13 (89.2)	107[illegible]	[illegible]	4.25	4.40
117[illegible]	113[illegible]	Do. 2½pc '16 (81.6)	114[illegible]	[illegible]	4.23	4.38
113[illegible]	109[illegible]	Do. 2½pc '20 (83.0)	110[illegible]	[illegible]	4.21	4.34
95[illegible]	91[illegible]	Do. 2½pc '24‡‡ (97.7)	91[illegible]	[illegible]	4.16	4.28

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1990: 130.0 and for June 1991: 134.1.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
103[illegible]	[illegible]	African Dv[illegible] 11¼ Ln 2010	103[illegible]	[illegible]	10.79	10.72
[illegible]	91[illegible]	Asian Dev Bk 10¼pc Ln 2009	98[illegible]	[illegible]	10.46	10.49
112½	105[illegible]	Int-Am Dev Bk 12½pc 2003	112[illegible]	[illegible]	11.15	10.63
[illegible]	[illegible]	[illegible]	114[illegible]	[illegible]	11.79	[illegible]
30	28	Liv[illegible] 3½pc Irred	30	.....	11.67	-
27	26	LCC [illegible] '20 Aft	26	.....	11.54	-
103½	[illegible]	[illegible] 11½pc 2007	102½	.....	11.22	11.15

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
90	84½	Sth Rhod. 87-92 Assd	90	.....	-	-

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
104½	102	N'wide Anglia 3¾pc Ln 2021	103¼	-¼	-	5.33
107	104	Do. 4.25pcIL '24	105	.....	-	5.17

Public Board [illegible] Ind.

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	52	Met. Wtr. 3pc 'B'	52	.....	5.77	[illegible]

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	f7.00
50	50	Do. 6pc 28 Stb. Ass.	58	.....	3	f6.00
50	50	Do 4pc Mixed Ass.	50	.....	2	f4.00
55	55	Hung. '24 Ass.	55	.....	2.75	f3.57
128[illegible]	120[illegible]	Hydro Quebec 15pc 2011	128¼	+¼	12.89	11.36

Continued on next page

APPOINTMENTS

New chief executive at Dawson

■ Mr Nick Kuenssberg has been appointed chief executive UK of DAWSON INTERNATIONAL, Edinburgh, from August 19. He succeeds Mr Keith Fox who retired in March through ill health. Mr Kuenssberg is a director of Coats Viyella, and a non-executive director of Scottish Power and the Standard Life Assurance Company.

■ Mr John Ashworth has been appointed group treasurer of THE LITTLEWOODS ORGANISATION. He was treasurer of the Tootal Group, and takes over from Mr Hoi Yeung who has been appointed director (designate) group finance and accounting.

■ SPP, Reading fluid handling packages manufacturer, has appointed Mr Graham Terry as general manager, pumps division.

■ Mr Mark Ralf, 34, has become the youngest person appointed general manager of BRITISH AIRWAYS catering operation. He started as an airline steward in 1978, and now takes over responsibility for a service which provides over 30m meals [illegible] year, and includes one of the largest flight catering centres employing over 1200 staff. He was general manager, standards, systems and training. Mr Ralf takes over from Mr Dan Brewin who has been appointed senior general manager, Gatwick.

■ SOREMA (UK), reinsurance, has appointed Mr Richard Greenhalgh as actuarial manager. He was with Victory Reinsurance. Mr Andrew Pitchford, also from Victory Reinsurance, has been appointed senior property underwriter. Sorema (UK) is part of the French agricultural mutual Groupama.

■ Mr Mike Illsley, managing director of Norcros company Payne Packaging, has been appointed president of the BRITISH TENSIONAL STRAPPING ASSOCIATION. He was vice president and is succeeded by Mr Michael Sidebottom, managing director of Lawtons, Liverpool.

■ Mr Kevin Summersall has been appointed group accountant of YOUNG GROUP, County Durham. He was with Coopers & Lybrand, where he was audit manager in Melbourne, Australia.

■ Mr Doug Gray has been appointed to the new post of project engineering manager at THAMESMOUTH PRINTING GROUP. He was sales/service manager with Grafotec.

■ Mr Colin Playle, director of industrial and commercial marketing at BRITISH GAS headquarters, has been promoted to regional chairman, British Gas Scotland. He joined the industry at Derby in 1957.

■ Lord Chilver of Cranfield has been re-elected president of the INSTITUTE OF MANAGEMENT SERVICES. Mr Ron Whitley has become chairman and Mr Tony Parry deputy chairman.

Daiwa Europe co-chairman

■ Mr Nicholas Clegg (pictured), vice chairman of DAIWA EUROPE, has been appointed co-chairman from August 22. Mr Clegg joined the London subsidiary of Daiwa Securities Co in 1986 as managing director, and was appointed vice chairman in 1989. Previously he was with Hill Samuel & Co. Mr Jan McCourt, deputy executive director of new issue syndication, has been promoted to executive director. This follows the return to Tokyo of Mr Shuichiro Kashiwa who will assume responsibilities for Daiwa's international banking business.

■ INFORMATION BUILDERS (UK) has promoted Mr Ian Bramley from UK corporate marketing manager to European marketing manager. Mr Mark Kent, national sales manager, becomes national field operations manager. Mr Paul Elwick has been appointed manager, professional services, and Mr Peter Bailey becomes financial controller.

■ LONDON MEDIA DIRECT MARKETING, part of the London Media group, has appointed Mr Tim Davis as a director. He was managing director of Direct Account Ability.

■ EDMUND NUTTALL has appointed Mr A.M. Gerrett as marketing manager for its north east area operations. Mr D.K. Belsham has been appointed area manager. Nuttall is an operating company of the Hollandsche Beton Groep.

■ Mr Robert Barnett, Mr David Jefferies and Mrs Mary McAleese have been appointed to the board of NORTHERN IRELAND ELECTRICITY. Professor William Black and Mrs Mary Breslin have been re-appointed to the board.

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AMERICANS

CANADIANS

For Varity see Americans

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Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

MOTORS, AIRCRAFT

NEWSPAPERS

PAPER, PRINTING, ADVERTISING

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LEISURE

1991 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
672½	155	Airtours 10p		670	+74	18.25	2.9	1.6	21.0
°108	71½	Allied Leis 5p		95	.....	F4.75	3.5	6.7	[illegible]
246	140	Anglia TV		164	.....	9.26	2.4	7.5	[illegible]
31	14	Avesco 1p		27	.....	1.5	1.1	7.4	(16.7)
9	4½	‡BCE Hldgs 5p		6	.....	–	–	–	–
178	123	Barr & W.A.T. 'A'		154	.....	9.75	1.6	8.4	[illegible]
685	425	Boosey & Hawkes		675	+10	16.4	2.7	3.2	[illegible]
55	24	‡Border T.V.		52	–2½	2.1	♦	5.5	♦
88	17	Brent Walker 10p		20	.....	5.0	–	–	–
28	4	Do 6pc Cv Cm Rd Pf £1		7	–1	6.0	–	–	–
35	13	Buckingham Int'l. 10p		24	+1	‡2.1	1.8	‡	5.6
350	183	Campari Int. 20p		350	+1	†11.0	2.9	4.2	9.6
208	134	Capital Radio 2½p		178	–1	5.25	2.9	3.9	11.7
507	350	Carlton Cmms 5p		467	+4	†14.1	2.4	4.0	13.1
81	61	Do. 6.5p Prf 5p		76	+1	6.5	–	11.4	–
253	168	‡Castle Comms. 5p		218	.....	8.5	1.7	5.2	14.6
825	480	Central ITV		795	+5	28.5	1.4	4.8	19.5
158	120	Chiltern Radio 10p		149	–1	†4.8	2.6	4.3	11.4
°89	39	Chrysalis		76	.....	‡s2.0	–	‡	–
69	27	Citywision 5p		34	–1	1.0	7.0	4.0	4.4
6	3	Classic TV Invts Ir0.20		3½	+½	–	–	–	–
1305	908	Euro Disney Fr10		1305	+25	–	–	–	–
30	5	European Leis. Ir25p		12	.....	1.7	2.2	18.9	[illegible]
°44	21½	Ex Lands 10p		31	–1	–	–	–	–
47	17	‡Expedier 20p		17	.....	1.0	2.7	8.1	4.5
563	405	Fairline Boats 10p		458	.....	21.0	4.1	6.1	5.3
276	188	First Leisure		267	–2	†5.05	2.6	2.5	18.3
253	195	♦GWR Group 20p		241	.....	‡6.0	3.2	‡	12.6
75	59	Grampian TVA 10p		66	+2	4.1	♦	8.3	♦
8	5	‡Greenwich Comm. 1p		5	.....	–	–	–	–
63	33	HTV Ord		39	.....	3.75	1.3	12.8	9.0
245	55	Hi-Tec Sports		137	.....	5.0	2.9	4.9	9.3
4½	1½	Hat'l Media Cons. 1p		1½	.....	–	–	–	–
°64	30	Intl. Resort Hldgs		52	.....	‡a3.2	2.5	‡	4.5
92	49	Invicta Sound 10p		90	.....	1.0	4.2	1.5	28.3
°47	29½	Kunick 10p		29½	.....	2.0	2.3	9.0	7.1
88	53	Do. 8¼pc Pf. 5p		68	.....	8.25	–	16.2	–
110	80	LWT (Hldgs) 3.93p Prf 5p		108	+1	†3.94	–	4.9	–
335	267	Manchester Utd 10p		267	.....	–	–	–	–
353	158	Marina Devs. 50p		160	–26	5.0	–	4.2	–
179	124	♦Metro Radio Grp 5p		150	+1	5.0	3.0	4.4	[illegible]
102	84	Midlands Radio 10p		93	.....	†4.5	1.0	‡	[illegible]
6½	3½	♦Millwall Hldgs. 1p		3½	–½	–	–	–	–
°107½	34	Owners Abroad 3p		107½	+11½	†g2.9	4.0	3.6	[illegible]
°168	70	Do. 9.75p Cv Pf 10p		168	+17	9.75	–	7.7	–

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRANSPORT—Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS—Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

FT MANAGED FUNDS SERVICE

■ Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Abbey Unit Tst Mngrs (1000)H

Bishopsgate Progressive Mgmt Co (1200)F

Commercial Union Tst Mgrs – Contd.

Confederation Funds Mngt Ltd (1200)F

GA Unit Trust Mngrs Ltd (1000)H

GT Unit Managers Ltd (1200)H

Kleinwort Benson Unit Trusts (1400)F

Marks & Spencer Unit Trust Ltd (1200)F

Marlborough Fund Managers Ltd (1630)F

Murray Johnstone UT Mgmt (1000)H

Rothschild Fund Management – Contd.

*C.A.R. – Compound Annual Rate

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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FT MANAGED FUNDS SERVICE

[illegible] Unit Trust [illegible] are avail[illegible] on FT Cityline. [illegible] charged [illegible] 45p [illegible] minute peak [illegible] 34p [illegible] VAT. To [illegible] free Unit [illegible] Booklet ring (071) [illegible]

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	308 1	308 1	328 9	-1 1	1 29
(Accum Units) ♥	5	360 4	360 4	384 8	-1 3	1 29
British	5	808 7	808 7	855 6	+2 9	5 81
(Accum Units)	5	1294.7	1294.7	1369.8	+4.7	5.81
European	5	327.7	327 7	349.0	+1.2	1.51
(Accum Units)	5	351.2	351 2	374 1	+1.3	1.51
Japan	5	113 9	113 9	121 1	-1 1	-
(Accum Units)	5	114 8	114 8	122 0	-1 1	-
New Pacific	5	169.8	169.8	180 6	-1.9	1.98
(Accum Units)	5	174.3	174.3	185 4	-2 0	1 98
PEP Aug 7	5	134 9	137.1	145 1	...	3 83
Mngd Equity	5	121.4	123 1	130.3	+1 0	3 57
Mngd Equity Acc	5	129 8	130.8	138.5	+1.1	3 57
Mngd Cash	5	96 29	96 29	101 1	+0.1	10 70
(Accum Units)	5	114 1	114.1	119.8	+0.2	10 70
Mngd Fund Int Acc Aug 7	5	120 9	120 9	128 0	...	6 87
Majority Stlg	1	100.30	100 30	101 29	+0 02	10 49
Majority Stlg Acc	1	105.21	105.21	106 25	+0 02	10 49
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin 5 Rayleigh Rd, Hutton Brentwood Essex						
Enquiries: 0277 227300 Dealing 0277 261010						
International July 15	0	50.80	50.80	51 36		3 47
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Sun Alliance House, Horsham 0403 56293						
Equity	[illegible]	[illegible]	609 7	652 1	+2.5	3 24
North America	[illegible]	[illegible]	78 50	83.96	-0.18	0.95
Far East	[illegible]	[illegible]	90.90	97.20	-0 40	0 99
W'wide Bond	[illegible]	[illegible]	47 24	50 26	...	6 19
European	[illegible]	[illegible]	67 32	72 00	+0 21	1.30
Equity Income	[illegible]	[illegible]	71.28	76 23	+0 31	5 07
Portfolio	[illegible]	[illegible]	57 88	61 90	-0 59	2.15
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingview, Basingstoke, Hants 0800 525725						
[illegible]	6	26.54	26.54	28.39	-0 02	0 42
[illegible]	6	102.58	103.28	110 47	+0.38	3 91
[illegible]	6	32 63	33 18	35.49	+0.13	4.47
UK Growth	6	32.51	32 94	35 23	+0.14	3 12
Worldwide Growth	6	24 38	24.38	26 08	-0.03	0 76
Sun Life Trust Mngmt Ltd (1200)H						
101, Cannon St, London EC4N 5AD						

	Bid Price	Offer Price	+ or -	Yield Gross
Edinburgh F[illegible] Mgrs PLC				
Exempt Funds				
American Aug 14	161 8	166 2	+2 9	1 51
Managed Aug 14	147.3	152 8		3.76
Japan Aug 8	114 6	118 8	-1 9	0 08
Sm Jap Cos Aug 9	565 2	570.5	-15.8	0.88
[illegible]ity Investment Services Ltd				
Pens P'folio	131 2	135.4	+0 40	3.49
Robert Fleming Asset Mngmt Ltd				
Am Exempt	481 82	488 96	-1 00	[illegible]
Con Exempt	131.23	134 18	-0 28	[illegible]
Jap Exempt	465 88	474 16	-0 82	[illegible]
Pacific Exempt	101 50	103 50	-0.21	[illegible]
Conti Euro Exempt	96 04	97.23	-0 40	[illegible]
Indexed Exempt Aug 8	130.22	133.47		[illegible]
Amer Indexd Ex[illegible]	105 57	106 63		[illegible]
Japan Indexd E[illegible]	64 05	65 35		[illegible]
Euro Indexd E[illegible]	95 92	97.86		[illegible]
[illegible] Indexd [illegible]	99 05	101.23		[illegible]
[illegible] In Court*				
[illegible] July 17	498.37	502.04	...	2 44
[illegible] July 17	179 05	180 50	...	10 80
[illegible] July 17	293 47	295 84	...	6.96
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	53 56	54 67	+0.12	[illegible]
INVESCO MIM Management Ltd				
Exempt Funds				
[illegible] P'folio	1202	1297	...	-
[illegible] (Acc)	68.60	73 10	...	-
Lazard [illegible] Brothers & Co. Ltd				
Property J[illegible]	2560 0	2679 0	...	6 08
Inc Gth Pty [illegible] 16	1325 0	1460.0	...	7.28
Lazard Investors Ltd				
Exempt Funds				
Small Co's Aug 8	3490.8	3657	...	4 45
European Aug 8	530 9	536.2	...	2.25

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

■ Current Unit Trust prices available on FT Cityline. charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

	Bid Price	Offer Price	+ or -	Yield Gross
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	107.7	113.3	+0.1	-
Pension Managed Fd	106.2	111.2	+0.2	-
Life Deposit Fd	108.7	114.4	...	-
Pension Deposit Fd	114.4	120.4	...	-
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539				
Life Funds				
Managed Cautionary	111.2	117.1	-0.2	-
Managed Growth	137.9	145.2	-0.1	-
Managed Opportunity	138.6	145.9	-0.3	-
NFMC Target Financial	105.5	111.1	+0.5	-
Pension Funds				
Managed Cautionary	[illegible]	128.2	-0.1	-
Managed Growth	[illegible]	153.7	-0.2	-
Managed Opportunity	[illegible]	146.1	-0.4	-
NFMC Target Mngd Pens	1544.7	1626.1	+4.9	-
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	164.3	[illegible]	...	-
UK Equity	172.9	[illegible]	...	-
Overseas Equity	136.7	[illegible]	...	-
Fixed Interest	148.8	[illegible]	...	-
Property	131.9	138.9	...	-
Index Linked	147.3	155.1	...	-
Deposit	159.4	167.8	...	-
With Profits (B)	130.6	137.5	...	-
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	355.3	374.0	(z)	-
UK Equity	447.0	470.6	(z)	-
Overseas Eq.	351.9	370.5	(z)	-
Americas	290.5	305.8	(z)	-
Far East	370.6	390.2	(z)	-
Property	191.9	202.1	(z)	-
Fixed Int.	263.1	277.0	(z)	-

	Bid Price	Offer Price	+ or -	Yield Gross
Prosperity Life Assurance Ltd				
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555				
Initial Equity	151.5	160.0	+1.5	-
Accum Equity	217.5	229.5	+1.5	-
Accum Managed	226.5	238.5	+0.5	-
Accum Five Star	169.5	179.0	-0.5	-
Accum World	125.0	132.0	+0.5	-
Accum Lifetime	110.5	110.5	+0.2	-
Pens Acc Equity	234.0	247.0	+2.5	-
Pens Acc Managed	281.0	296.0	+1.5	-
Pens Acc Intl	209.0	221.0	+0.5	-
Pens Acc Deposit	202.0	213.5	...	-
Pens Acc Five Star	186.0	195.0	-1.0	-
Providence Capitol Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	228.7	241.3	+0.9	-
UK Fixed Int Acc	179.3	189.2	-0.9	-
Intl Equities Acc	177.0	186.8	-0.1	-
UK Managed Acc	175.4	185.0	+0.2	-
Property Acc	224.8	237.2	-0.1	-
Money Acc	130.7	137.9	...	-
Special Market Acc	142.7	150.6	-1.5	-
Japan Equity Acc	[illegible]	104.9	-0.6	-
North American Acc	[illegible]	114.0	+0.2	-
Pacific [illegible]	95.1	100.4	-0.9	-
Technol[illegible]	123.9	130.7	+1.0	-
Nat Res[illegible] Acc	58.2	61.4	-0.4	-
Europe[illegible]	101.8	107.4	-0.1	-
Resident[illegible] Acc	96.3	101.6	...	-
Swiss E[illegible] Acc	34.9	36.9	+0.2	-
Hong K[illegible]	69.3	73.2	-0.2	-
UK High[illegible] Acc	73.9	78.0	+0.3	-
Int Fixed Interest Acc	58.3	61.6	-0.1	-
Int Managed Acc	56.8	59.9	-0.1	-
HIP Managed Acc	118.3	124.7	-1.2	-
HIP Managed II Acc	101.0	106.5	-0.2	-
HIP Managed III Acc	108.0	113.9	-0.4	-
Total Investment Bond				
UK Equity Initial		155.5	+0.6	-
UK Fixed Int Initial		122.1	-0.6	-
Intl Equities Initial		119.7	-0.1	-
UK Managed Initial		119.5	+0.2	-
Property Initial		154.3	...	-
Money Initial		89.4	...	-
Special Market Initial		110.9	-1.0	-
Japan Equity Initial		77.2	-0.4	-

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Heritage Life Assurance Ltd – Contd.				
MIM Britannia				
European Smaller	126.1	132.8	-0.4	-
US Smlr Co's	124.3	130.9	+0.7	-
Extra Inc	140.6	148.0	-1.2	-
Sth & East Asia Gwth	186.9	196.8	-0.3	-
Gold	33.2	35.0	+0.6	-
Inc Growth	261.7	275.5	-2.1	-
Japan Perf	221.2	232.9	-1.5	-
Japan Smlr Cos	196.7	207.1	+1.1	-
UK Income	231.6	243.8	+0.2	-
Prop Shares	131.1	138.0	...	-
Smaller Cos	179.4	188.9	...	-
Man Growth	202.1	212.8	-0.3	-
Gilt	69.6	73.3		-
Gartmore Funds				
American	171.2	180.3	-0.4	-
British	278.1	[illegible]	+1.2	-
European	173.2	[illegible]	+0.7	-
Extra Inc	181.5	[illegible]	-4.9	-
Frontier Markets	123.2	[illegible]	+0.3	-
Intl Fixed Interest	88.9	[illegible]	...	-
Gold Intl Resources	56.0	[illegible]	...	-
High Inc	247.5	[illegible]	+0.6	-
Hong Kong	180.3	[illegible]	-0.6	-
Income	326.5	[illegible]	+1.0	-
[illegible]	308.4	[illegible]	-1.2	-
[illegible]	265.1	[illegible]	+0.8	-
[illegible]	335.4	[illegible]	+0.2	-
[illegible] Gwth	125.7	[illegible]	+0.3	-
[illegible] Recovery	99.2	[illegible]	...	-
[illegible] Select Opps	133.6	[illegible]	+0.3	-
[illegible]	163.7	[illegible]	-0.8	-
Perpetual Funds				
International Growth	114.2	120.3	...	-
Income	114.6	120.7	...	-
American [illegible]	132.3	139.3	...	-
Intl Emerg[illegible]	127.4	134.2	...	-
Far East [illegible]	155.1	163.3	...	-
European	134.7	141.8	...	-
Managed	132.2	139.2	...	-
TSB Funds				
Income	114.0	120.0	+0.3	-
Managed	140.5	147.9	+0.1	-
Royal Life Insurance Ltd				
New Hall Place, Liverpool L69 3HS 051-239 3000				
Royal Shield Fd	704.6	745.6	-	

	Bid Price	Offer Price	+ or -	Yield Gross
CMI Insurance Co Ltd – Contd.				
Iberian Equity	£0.4420	0.4760	-0.006	-
Nordic Equity	£0.4230	0.4550	-0.007	-
Benelux Equity	£0.4480	0.4820	+0.002	-
Dollar Funds				
Antipodean Equity	$0.5520	0.5940	-0.009	-
Canadian Equity	$0.4510	0.4860	...	-
Japanese Equity	$0.4660	0.5020	-0.009	-
US Equity	$0.4660	0.5020	-0.006	-
SE Asia Equity	$0.5460	0.5880	-0.010	-
US Bond	$0.4810	0.5180	+0.001	-

	Bid Price	Offer Price	+ or -	Yield Gross
James Campbell Financial Services				
8-10 Brook St, Coleraine Co. Londonderry 0265 58500				
Executive Pension	124.4	131.0	...	-
Investment Portfolio	162.4	171.0	...	-
Chase de Vere PLC				
63 Lincoln's Inn Fields, London WC2A 3JX 071-404 5766				
New Trust Fd	103.6	109.0	...	-
ECU Futures Plc				
ECU Omega Funds		134.0	...	-
ECU Raydes		115.0	...	-

Hambros Fd Mgrs (CI) Ltd
PO Box 255, Guernsey 0481 715454

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (REGULATED)

هكذا من الأصل

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit T[redacted] prices [redacted] avail[redacted] FT Cityline. [redacted] charged at 45p per minute peak [redacted] 34p [redacted] peak, [redacted] VAT. To [redacted] Unit Trust [redacted] Booklet ring (071) 925-2128.

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG [redacted]

LUXEMBOURG (REGULATED)(**)

SWITZERLAND [redacted]

OTHER OFFSHORE FUNDS

Wellington Fd Mngrs (Bermuda) Ltd				
Intnl Growth Fd	$12.80	13.45	(z)	-
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs (z)	$10.82		+0.02	-
Wells Fargo B Shs (z)	$11.28		+0.03	-
Xiphias International Investment Fd Ltd				
Xiphias Int USD	$1.0469		---	-
Xiphias Int ECU	Ecu1.0618		---	-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). z Offered price includes all expenses except agent's commission. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission, Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut Monétaire Luxembourgeois

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Retail sales data boost dollar

A LARGER than expected [illegible] per cent in July US retail sales encouraged a slight firming of the dollar yesterday. A revised [illegible] 0.1 per [illegible] in June from a fall of 0.2 per cent also provided support. An increase of about 0.2 per cent had been forecast for July.

The market [illegible] now waiting for [illegible] June US trade figures on Friday, and for Thursday's meeting of the [illegible] Bund[illegible] council. A rise in [illegible] least one [illegible] Germany's leading interest [illegible] is widely expected, but views on the subject [illegible] mixed yesterday.

Mr Helmut Geiger, president of the German [illegible]ings Bank Association, said in [illegible] radio interview [illegible] discount [illegible] of 6.5 per cent should have [illegible] raised in June, and [illegible] 1 point increase would still leave it relatively low. [illegible] that a [illegible] point [illegible] in [illegible] Lombard [illegible] would [illegible] the Bundesbank's flexibility [illegible] market rates in the future [illegible] would [illegible] long-term [illegible] lit[illegible]

On [illegible] hand Mr Juer[illegible] Moellemann, German eco[illegible] minister, warned [illegible] Bundesbank against raising [illegible] strangle emerging [illegible] of recovery [illegible] the depressed [illegible] of [illegible] country [illegible] dampen growth in [illegible] indicated that the government would like the Bundesbank to think carefully [illegible] making a [illegible] that could "seriously injure the delicate first [illegible] recovery in [illegible] Germany."

At the London [illegible] dollar had climbed [illegible] DM1.7305 from DM1.7350; [illegible] SFr1.5145 from SFr1.5100; and to FFr5.8925 from FFr5.8675, but was unchanged [illegible]. On Bank of England figures the dollar's index [illegible] unchanged at 66.3.

Sterling's reaction was muted to news that UK industrial production rose [illegible] in June, after [illegible] per cent fall in May. Manufacturing production rose 0.2 per cent in June compared with a revised May fall of 0.2 [illegible] cent. [illegible] said that although [illegible] output [illegible] stronger than expected they had [illegible] boosted by one-off factors.

An [illegible] 0.3 per [illegible] in July output producer prices was [illegible] forecasts in the region of 0.1 per cent [illegible] had no impact. Input prices rose at the expected monthly [illegible] per cent.

Sterling fell ½ cent [illegible] and [illegible] Y231.00 from Y231.75, but [illegible] unchanged at DM2.9300 and at SFr2.5650, [illegible] rising to FFr9.9750 from [illegible]. The pound's index [illegible] unchanged throughout [illegible] day [illegible]

The Spanish peseta traded steadily at the top of the European exchange rate mechanism as the Bank of Spain left its money market intervention rate at 12.75 per [illegible]. A rise [illegible] 1.2 [illegible] cent in July Spanish retail prices, provides little room for an early [illegible] in rates, according to dealers. The Bank [illegible] also left its [illegible] market intervention [illegible] unchanged yesterday, [illegible] cent, as [illegible] franc remained [illegible] the bottom [illegible] the ERM.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 13	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.560	-3.79	5.16	66
Belgian Franc	42.4032	42.2407	-0.38	1.56	23
D-Mark	2.05586	2.04947	-0.31	1.49	26
Dutch Guilder	2.31643	2.31101	-0.23	1.41	16
Italian Lira	1538.24	1537.13	-0.07	1.25	8
Irish Punt	0.767417	0.767026	-0.05	1.22	7
Sterling	0.696904	0.699795	0.41	0.75	-9
French Franc	6.89509	6.97541	1.16	0.01	-39
Danish Krone	7.84195	7.93386	1.17	0.00	-49

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

[illegible] IN NEW YORK

Aug.13	Latest	Previous Close
£ Spot	1.6920-1.6930	1.6970-1.6980
1 month	0.79-0.77pm	0.81-0.79pm
3 months	2.17-2.14pm	2.16-2.13pm
12 months	7.03-6.93pm	6.95-6.85pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug.13	Previous
8.30 am	[illegible]	[illegible]
9.00 am	[illegible]	[illegible]
10.00 am	[illegible]	[illegible]
11.00 am	[illegible]	[illegible]
Noon	[illegible]	[illegible]
1.00 pm	[illegible]	[illegible]
2.00 pm	[illegible]	[illegible]
3.00 pm	[illegible]	[illegible]
4.00 pm	[illegible]	[illegible]

CURRENCY MOVEMENTS

Aug 13	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.8	-20.6
U.S Dollar	66.3	-12.6
Canadian Dollar	105.9	+2.9
Austrian Schilling	109.0	+11.5
Belgian Franc	110.4	-2.6
Danish Krone	107.7	+2.4
D-Mark	116.8	+23.7
Swiss Franc	109.1	+17.6
Dutch Guilder	113.0	+15.3
French Franc	101.8	-13.6
Lira	97.9	-20.3
Yen	138.1	+69.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Aug.13

CURRENCY RATES

Aug 13	Bank rate %	Special* Drawing Rights	[illegible]†
Sterling	-	0.790828	[illegible]
U.S Dollar	5.50	1.34164	1.18720
Canadian $	8.95	1.53846	1.35994
Austrian Sch	7	16.3023	14.4233
Belgian Franc	7.50	47.7322	[illegible]
Danish Krone	9	8.96886	7.93586
D-Mark	6.50	2.31607	2.04947
Dutch Guilder	7.75	2.61231	2.31101
French Franc	10¼	7.87945	[illegible]
Italian Lira	11½	1735.20	[illegible]
Japanese Yen	[illegible]	[illegible]	[illegible]
Norway Krone	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]
Swedish Krona	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]
Greek Drach	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]

* Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Aug.13

OTHER CURRENCIES

Aug 13	£	$
Argentina	16785.4 - 16822.2	9900.00 - 9910.00
Australia	2.1630 - 2.1650	1.2765 - 1.2775
Brazil	616.830 - 617.710	363.700 - 364.000
Finland	7.1105 - 7.1235	4.1975 - 4.2005
Greece	320.350 - 326.750	188.710 - 191.480
Hong Kong	13.1465 - 13.1620	7.7650 - 7 [illegible]
Iran	115.80*	67.90*
Korea(Sth)	1234.30 - 1254.20	729.30 - 735.10
Kuwait	0.49270 - 0.49300	0.29060 - 0.29070
Luxembourg	60.40 - 60.50	35.65 - 35.75
Malaysia	4.6975 - 4.7055	2.7740 - 2.7760
Mexico	5113.45 - 5118.15	3015.00 - 3016.00
N.Zealand	2.9495 - 2.9525	1.7405 - [illegible]
Saudi Ar	6.3290 - 6.4055	3.7500 - [illegible]
Singapore	2.9095 - 2.9165	1.7200 - [illegible]
S.Af (Cm)	4.8365 - 4.8475	2.8555 - [illegible]
S.Af (Fn)	5.3960 - 5.4845	3.1845 - [illegible]
Taiwan	45.25 - 45.35	26.70 - [illegible]
U.A.E.	6.1965 - 6.2735	3.6715 - [illegible]

* Selling rate.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6925 - 1.6990	1.6925 - 1.6935	0.79-0.77cpm	5.53	2.16-2.13pm	5.07
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.98-3.93cpm. 12 Month 6.97-6.87cpm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Aug 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6905 - 1.6990	1.6925 - 1.6935	0.79-0.77cpm	5.53	2.16-2.13pm	5.07
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Aug 13	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 7¼-7⅛ per cent; three years 7⅝-7½ per cent; four years 7⅞-7¾ per cent; five years 8-7⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug.13	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	[illegible]	[illegible]	[illegible]	9.975	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.591	1	1.731	[illegible]	[illegible]	1.515	1.952	1298	[illegible]	35.71	[illegible]
DM	[illegible]	0.578	1	78.84	3.404	0.875	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	[illegible]	[illegible]	[illegible]	1000.	[illegible]	11.10	14.31	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	[illegible]	1.697	[illegible]	231.6	10.	[illegible]	3.313	[illegible]	[illegible]	[illegible]	1.433
S Fr.	[illegible]	[illegible]	[illegible]	90.06	[illegible]	1	1.288	[illegible]	0.757	[illegible]	[illegible]
H Fl.	0.303	0.512	[illegible]	[illegible]	[illegible]	0.776	1	[illegible]	0.587	18.29	[illegible]
Lira	[illegible]	0.770	1.333	105.1	[illegible]	[illegible]	[illegible]	1000.	0.883	[illegible]	[illegible]
C$	0.515	0.872	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1132	1	31.14	[illegible]
B Fr.	1.654	2.801	[illegible]	[illegible]	[illegible]	4.243	[illegible]	3636	3.211	[illegible]	[illegible]
ECU	0.700	1.185	[illegible]	[illegible]	6.980	1.795	2.313	[illegible]	[illegible]	42.30	1

Yen per 1,000: [illegible] Fr. per [illegible] Lira per 1,000: [illegible] Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS — LIFFE US TREASURY BOND FUTURES OPTIONS — LIFFE BUND FUTURES OPTIONS — LIFFE EUROMARK OPTIONS — LIFFE EURODOLLAR OPTIONS — LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE) — CHICAGO — PARIS

[illegible]

* Contracts traded on APT after trading hours

POUND - DOLLAR

FT [illegible] RATES

Spot	1-mth.	[illegible]	[illegible]	12-mth.
1.6930	[illegible]	[illegible]	[illegible]	[illegible]

IMM-STERLING [illegible] per £

	Latest	High	Low	Prev.
Sep	[illegible]	1.6890	1.6822	[illegible]
Dec	[illegible]	1.6696	[illegible]	[illegible]
Mar	-	-	1.6470	[illegible]

MONEY MARKETS

Slightly softer tone

INTEREST RATES eased slightly in London yesterday, against the background [illegible] slightly higher than expected UK [illegible] inflation and stronger than [illegible] industrial production.

Three-month sterling interbank fell to 10$\frac{13}{16}$-10¾ from 11-10$\frac{15}{16}$ [illegible] 12-month money was [illegible] 10$\frac{13}{16}$-10$\frac{11}{16}$ per [illegible]

Short sterling futures [illegible] higher on Liffe, but showed no [illegible] reaction [illegible] the [illegible] news, seeing little prospect of an early cut in UK bank [illegible] unless the Bundesbank council is [illegible] firm than expected in tightening German credit policy at Thursday's meeting.

September short sterling climbed [illegible] from [illegible], and December [illegible] from 89.67.

Day-to-day credit remained in short supply on the [illegible] market. [illegible] shortage [illegible] £1,250m was initially [illegible] by [illegible] Bank of England. This was revised [illegible] £1,300m in the afternoon. Total help of £1,205m was provided, mainly though large early assistance

In early operations the authorities bought £1,155m bills, including [illegible] bank bills outright in [illegible] 1 [illegible] 10⅞ [illegible] cent. Another £532m bills were purchased, for resale to the market in equal amounts on August 29 and 30, at an interest rate of 10$\frac{15}{16}$ per cent.

There [illegible] no further [illegible] by [illegible] authorities [illegible] lunch, [illegible] in [illegible] £50m bank bills were bought outright, in [illegible] 1 [illegible] per [illegible]

Bills maturing in official hands, repayment [illegible] late [illegible] and a take-up [illegible] Treasury bills drained £470m, with the unwinding [illegible] repurchase agreements on bills absorbing [illegible] and bank [illegible] target £210m. [illegible] outweighed exchequer transactions adding [illegible] liquidity [illegible] fall in the [illegible] circulation [illegible] £110m.

In Frankfurt [illegible] money [illegible] slightly [illegible] from 9.00 per cent, ahead of the result [illegible] this week's securities repurchase agreement [illegible]ld by the Bundesbank. It is generally expected [illegible] bid aggressively for funds at the tender, in expectation [illegible] higher [illegible] this [illegible] meeting [illegible] the Bundesbank council.

A two-tranche tender was set, offering 35-day and 63-day funds at variable bid [illegible]. This money is required [illegible] replace [illegible] earlier [illegible] totalling DM25.5bn expiring today.

UK clearing bank base lending rate 11 per cent from July 12, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.13) 3 [illegible] US dollars		6 months US Dollars	
bid 5⅝	offer 5¾	bid 5$\frac{11}{16}$	offer 5$\frac{13}{16}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and [illegible]

Lunchtime					
Prime rate	8½	One month	5.41	Three year	6.85
Broker loan rate	7¼	Two month	5.37	Four year	7.05
Fed.funds	5⅜	Three month	5.44	Five year	7.46
Fed.funds at intervention	5½	Six month	5.63	Seven year	7.79
		One year	5.77	10-year	7.95
		Two year	6.49	30-year	8.21

Aug.13	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.90-9.00	8.90-9.05	9.00-9.15	9.15-9.30	9.30-9.50	9.00
Paris	9$\frac{1}{16}$-9⅛	9⅛-9¼	9⅜-9½	9⅛-9⅜	9$\frac{5}{16}$-9$\frac{7}{16}$	9.25
Zurich	7⅝-7⅞	7⅝-7⅞	-	7⅞-8	-	-
Amsterdam	9.00-9.12	9.12-9.22	-	9.32-9.40	-	-
Tokyo	7$\frac{13}{16}$-7$\frac{15}{16}$	7$\frac{13}{16}$-7$\frac{15}{16}$	-	7¾-7$\frac{11}{16}$	-	-
Milan	10¾-11	11¾-12	-	11¾-12	-	-
Brussels	8.75-8.88	9¼-9⅛	-	9⅛-9½	-	-
Dublin	9½-9¾	9¾-10	10-10¼	10⅛-10¼	10$\frac{3}{16}$-10$\frac{5}{16}$	-

LONDON MONEY RATES

Aug 13	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11⅛	11	11$\frac{1}{16}$	11	10$\frac{13}{16}$	10¾
Interbank Bid	9	1[illegible]	10$\frac{15}{16}$	10⅞	10$\frac{11}{16}$	10⅝
Sterling CDs	-	-	11	10$\frac{13}{16}$	10$\frac{13}{16}$	10¾
Local Authority Deps.	11	11	11	10$\frac{13}{16}$	10¾	10¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10¾	10$\frac{13}{16}$	10$\frac{13}{16}$	10⅝	-	-
Company Deposits	-	-	11$\frac{1}{16}$	11	10$\frac{13}{16}$	10$\frac{13}{16}$
Finance House Deposits	-	-	11$\frac{1}{16}$	10$\frac{15}{16}$	10$\frac{13}{16}$	10¾
Treasury Bills (Buy)	-	-	10$\frac{11}{16}$	10⅝	10	-
Bank Bills (Buy)	-	-	10$\frac{15}{16}$	10⅞	10$\frac{1}{16}$	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.72	5.73	5.89	6.17
SDR [illegible] Dep Offer	-	-	7⅜	7½	7⅝	8
[illegible] Bid	-	-	7⅛	7¼	7⅜	7¾
[illegible] Linked Dep Offer	-	-	9$\frac{13}{16}$	9⅞	9$\frac{15}{16}$	10
ECU [illegible] Bid	-	-	9½	9¾	9$\frac{13}{16}$	9⅞

Treasury Bills (sell): one-month 10⅝ per cent; three months 10½ per cent; six months [illegible] cent; Bank Bills (sell): one-month 10$\frac{13}{16}$ per cent; three months 10$\frac{13}{16}$ per cent; Treasury [illegible] Average [illegible] rate of [illegible] 10.2845 p.c. ECGD Fixed Rate Sterling Export Finance. [illegible] up day July 31, 1991. Agreed rates for period Aug 26, 1991 to [illegible] 24, 1991, Scheme I: 12.31 p.c., Schemes II & III: 12.38 [illegible] rate for [illegible] June [illegible] 1991 [illegible] July 31, 1991, Scheme [illegible] p.c. [illegible] Finance Houses seven days' notice, [illegible] seven days' fixed. Finance Houses Base Rate 11½ from August 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): [illegible] £100,000 and over held under one month 7½ per cent; one-three months 10 per cent; three-six months 9½ per cent, six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7½ per [illegible] from July 15, 1991. [illegible] withdrawn for [illegible] 5 per cent.

BASE LENDING RATES

	%		%		%
Adam & Company	11	Co-operative Bank	11	McDonnell Douglas Bank	11
Allied Trust Bank	11	Coutts & Co	11	Midland Bank	11
AIB Bank	11	Cyprus Popular Bk	11	Mount Banking	11
● Henry Ansbacher	11	Dunbar Bank PLC	11	NatWestminster	11
B & C Merchant Bank	11	Duncan Lawrie	11	Northern Bank Ltd	11
Bank of Baroda	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Banco Bilbao Vizcaya	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Bank of Cyprus	11	Financial & Gen. Bank	11.5	Roxburghe Bank Ltd.	12
Bank of Ireland	11	First National Bank Plc.	14	Royal Bk of Scotland	11
Bank of India	11	● Robert Fleming & Co.	11	● Smith & Williamson Secs.	11
Bank of Scotland	11	Robert Fraser & Ptnrs.	11½	Standard Chartered	11
Banque Belge Ltd	11	Girobank	11	TSB	11
Barclays Bank	11	● Guinness Mahon	11	Unibank plc	11
Benchmark Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Brit Bk of Mid East	11	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
● Brown Shipley	11	Heritable & Gen Inv Bnk.	11	Western Trust	11
CL Bank Nederland	11	● Hill Samuel	11	Westpac Bank Corp.	11
Citibank NA	11	C. Hoare & Co.	11	Whiteaway Laidlaw	11
City Merchants Bank	11	Hongkong & Shanghai	11	Yorkshire Bank	11
Clydesdale Bank	11	● Leopold Joseph & Sons	11	● [illegible] of [illegible] Merchant Banking & [illegible] Association.	
Comm. Bk. of London Plc	11	Lloyds Bank	11		
		Meghraj Bank Ltd	11		

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,620 Set by CINEPHILE

ACROSS

1 Dullard finds beauty spot in vegetable garden (7,5)
10 Pink eggs round chair (7)
11 Gibbons, making music, left among some orang-utans, manage [illegible]
12 17 or less? Less, with third flattened in music (5)
13 Italian poet, cat, and setter plied [illegible] differently [illegible]
15 Reversal of [illegible] and [illegible] diction about nothing [illegible] links [illegible]
16 Staid old place at matinee? (4)
18 Northern primate, scruffy object? (4)
[illegible] Not ready for tea, having [illegible] (3,3,4)
22 Defector with lining [illegible] side? (8)
24 [illegible] given as audible advice about pretty girls (5)
26 Having a baby's a non-starter if [illegible] on a throne (7)
[illegible] Quality protection must include some freedom (7)
28 Pavement artist's DIY claim? (3,2,3,4)

DOWN

2 Magazine offering a lot of poison for a pound (7)
3 Snake left sign in regatta, maybe (4,4)
4 Mirth in parts (4)
5 Tendency to snoop around gets it going (10)
6 Bulb that may be lit up (6)
7 C is part of county (7)
8 King Cymbeline's daughter, it appears in plain, being the eldest (13)
9 Gregarious mountaineer (6,7)
14 Give publicity to Dad's attempt at something fishy (4,6)
17 Quick! quick! Quite the reverse (4,4)
19 American country and American soldier at a city in Italy (7)
21 X (7)
23 Baby's stroke? (5)
25 Southern beast gives bang (4)

Solution to Puzzle No.7,619

هكذا من الأصل

CANADA

TORONTO

3:00 pm prices August 13

MONTREAL

3:00 pm prices August 13

Total Sales 9,573,000 shares

INDICES

NEW YORK

DOW JONES	Aug 12	Aug 9	Aug 8	Aug 7	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
◊Industrials	3001.34	2996.20	3013.86	3026.61	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	95.45	95.50	95.49	95.33	95.50 (9/8)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1214.59	1215.09	1221.79	1225.67	1261.89 (3/6)	899.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	203.18	203.18	204.06	204.49	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

◊Day's High 3013.42 (3036.45) Low 2974.06 (2986.11)

STANDARD AND POOR'S

	Aug 12	Aug 9	Aug 8	Aug 7	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	388.02	387.12	389.32	390.56	390.62 (6/8)	311.49 (9/1)	390.62 (6/8/91)	4.40 (1/6/32)
Industrials	461.22	461.09	463.92	465.50	465.60 (6/8)	364.90 (9/1)	465.60 (6/8/91)	3.62 (21/6/32)
Financial	31.50	30.82	30.95	31.01	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	212.53	212.17	213.23	213.75	213.75 (7/8)	170.97 (9/1)	213.75 (7/8/91)	4.46 (25/4/42)
Amex Mkt. Value	366.31	365.98	366.59	367.33	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	510.00	508.31	509.39	507.46	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	Aug 9	Aug 2	Jul 26	year ago (approx.)
Dow Industrial Div. Yield	3.08	3.07	3.10	3.98
	Aug 7	**Jul 31**	**Jul 24**	**year ago (approx.)**
S & P Industrial div. yield	2.68	2.70	2.77	2.94
S & P Indl. P/E ratio	19.62	19.50	19.02	16.95

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Sec Pacific	10,642,000	32⅛	+ 9⅛
BankAmerica	5,531,400	40	+ 2⅝
Fst Intr A	3,903,200	1⅛	+ ⅛
West Elect	2,921,500	22¾	—
Pan Am Cp	2,412,700	½	+ 1/16
Salomon Inc	2,364,600	31⅝	- 2¼
Fst Intr B	2,226,600	33⅞	+ 6¼
Gen Motors	1,885,300	37⅝	- ¼
Chase Man	1,770,900	21⅛	+ 1¾
East Kodak	1,727,100	42⅝	+ 2

TRADING ACTIVITY

† Volume Millions	Aug 12	Aug 9	Aug 8
New York SE	145.280	144.698	163.620
Amex	9.323	10.263	11.146
NASDAQ	114.074	140.777	161.588
NYSE			
Issues Traded	2,071	2,072	2,103
Rises	761	694	762
Falls	753	865	787
Unchanged	557	513	554
New Highs	95	90	140
New Lows	22	11	9

CANADA

TORONTO	Aug 12	Aug 9	Aug 8	Aug 7	1991 HIGH	1991 LOW
Metals & Minerals	3091.71	3114.58	3146.71	3157.93	3299.99 (18/7)	2632.06 (9/1)
Composite	3495.38	3502.77	3514.65	3528.70	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1842.98	1847.05	1854.23	1863.53	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug 13	Aug 12	Aug 9	Aug 8	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1553.9	1565.7	1584.1	1588.6	1591.3 (7/8)	1204.5 (16/1)
All Mining (1/1/80)	683.6	688.7	698.1	702.5	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	458.56	458.76	461.75	463.56	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1140.61	1142.53	1148.67	1147.41	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	376.02	376.46	377.12	378.42	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	992.1	1000.0	1001.3	1000.1	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	470.77	469.81	470.59	469.90	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1808.84	1780.38	1783.54	1789.50	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	680.83	675.89	677.37	677.30	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1920.1	1906.4	1913.4	1914.3	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1644.72	1626.08	1632.21	1630.21	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4052.70	4070.14	4024.01	4046.56	4070.14 (12/8)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1408.66	1407.64	1411.75	1418.46	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	562.82	564.66	566.92	569.43	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	22872.00	22985.67	23434.62	23482.46	27146.91 (18/3)	22176.17 (8/7)
Tokyo SE (Topix) (4/1/68)	1766.85	1776.17	1804.81	1815.26	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2939.26	2973.61	3016.03	3035.65	3423.45 (18/3)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	559.57	558.10	565.43	564.88	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen (End 1983)	279.6	278.4	279.0	279.7	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	199.1	198.3	198.7	199.2	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	781.30	772.52	776.87	773.24	792.13 (4/6)	610.48 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	945.95	968.86	975.37	986.85	1183.40 (29/5)	982.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	387.27	390.58	(c)	396.55	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1268.0	1287.0	1285.0	1291.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4142.0	4120.0	4187.0	4085.0	4142.0 (13/8)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	709.67	706.06	745.15	738.10	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	270.91	270.11	270.18	271.76	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1098.50	1092.90	1096.20	1090.20	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	759.0	757.6	760.0	758.3	767.2 (16/7)	590.4 (14/1)
SBC General (1/4/87)	632.4	631.5	633.0	631.1	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5104.43	5157.66	5142.60	4866.22	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	689.76	(c)	702.92	699.89	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (3)	501.8*	501.5	503.9	507.4	529.2 (17/4)	439.1 (16/1)

**Saturday August 10: Taiwan Weighted Price: 5207.01, Korea Comp Ex. 741.58.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 25 Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday, August 13 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
M'bishi Matris	3.8m	550	-8	Kawasaki Heavy	2.6m	465	-11
M'bishi Heavy	2.9m	669	-1	Nippon Mining	2.5m	520	+2
Chiyoda Corp.	2.7m	1,730	-10	Takuma	2.1m	1,130	+30
Nippon Steel	2.7m	398	+2	Kurabo Ind.	1.9m	705	-15
Nippon Carbon	2.7m	880	-1	NKK	1.8m	352	-8

3:15 pm prices August 13

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	9¼	AAR Corp x	0.48	0.03	18	700	16¾	16⅝	16¾	−⅛
18¾	14½	A L Labs A	0.16	0.01	19	37	17⅞	17⅞	17⅞	+⅛
55¾	40⅞	AMP Inc x	1.44	0.03	19	889	51⅝	51	51⅛	
68⅝	44¼	AMR				124064	63⅛	61½	62¾	+½
2⅝	1¼	ARX			1	201	1½	1⅜	1⅜	
56	41½	ASA x	3.00	0.06	14	175	50⅛	49¾	49¾	−⅝
55¾	39¼	Abbott Lab	1.00	0.02	23	2826	54⅞	54¼	54¾	+⅝
14½	9⅞	Abitibi Pr	0.50	0.04	26	110	14¼	14⅛	14¼	+⅛
11⅝	10⅞	ACM Gvt In x	1.26	0.11		999	11¼	11	11¼	+⅛
9¾	8¾	ACM GvOpp x	1.01	0.11		13	9⅜	9¼	9¼	
9¼	8¾	ACM Gvt Sp x	1.01	0.11		192	9⅛	9	9	
11	9⅞	ACM Gvt Se	1.26	0.12		329	10⅝	10½	10½	−⅛
8½	7⅝	ACM Man x	1.01	0.12		613	8⅜	8¼	8¼	
12⅞	11½	ACM Managd x	1.35	0.11		134	12⅜	12⅛	12⅜	+⅛
7½	4⅞	Acme Cleve x	0.40	0.06	18	74	6⅞	6½	6⅞	+⅛
6	3½	Acme Elect			38	117	3⅞	3¾	3⅞	
40	22¾	Acuson			22	1573	33	32¼	32½	−¾
18¾	14¼	Adams Expr x	0.48	0.03	0	90	18⅜	18¼	18⅜	+⅛
20⅛	17½	Adobe12P1 x	2.40	0.14		65	17⅞	d17½	17¾	+¼
9¼	6¾	Adobe Res			20	41	7	7	7	−⅛
38⅝	18	Ad Micro				26	35	34¾	34¾	−¼
14⅛	4⅝	Ad Micro P	3.00	0.26	18	2582	11½	11⅛	11½	+⅜
5⅛	2⅛	Advest Grp	0.16	0.04	6	197	3⅝	3½	3½	−¼
49⅛	33⅞	Aetna Ll	2.76	0.07	7	2514	37⅝	36½	37⅝	+1⅛
10⅝	6⅝	Affil A x	0.24	0.03	45	68	8¼	8⅛	8⅛	−⅛
20¼	12	Ahmanson x	0.88	0.04	12	5153	19⅞	19⅛	19⅞	+1⅛
12⅞	2⅞	Alleen Inc			16	599	12	11⅛	11⅜	+⅛
74⅛	51⅛	Air Pr Chm	1.56	0.02	14	1117	65¾	65⅜	65¾	−½

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Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
60¼	35¼	Xerox	3.00	0.05		91250	55⅝	55	55½	+⅛
51	43¼	Xerox4.125				z100	50¾	50¾	50¾	
21⅞	14⅛	Xtra 1.94 x				17	21⅛	21	21	−⅛
24⅞	14¼	Xtra Corp x	0.72	0.03	76	619	23⅛	22⅞	23	+¼
24¼	21¼	Yankee Egy	1.60	0.07	11	66	23½	23⅛	23⅛	−¼
1½	⅜	Zapata			2	406	⅞	⅞	⅞	
9⅞	6⅛	ZenithElec				11307	6¼	d5⅞	6	−¼
18½	12	Zenith Nat	1.00	0.06	100	6	17¼	17¼	17¼	
6¼	4½	Zonix Inc	0.84	0.14		83	6	6	6	
15⅛	10⅞	Zero Corp x	0.40	0.03	16	44	14¾	14⅛	14⅛	+⅛
41⅞	28½	Zurn Ind	0.88	0.02	16	243	39¼	39	39¼	
13½	10¼	Zweig Fund	1.12	0.09		129	12¾	12⅝	12¾	+⅛
10	8½	Zweig Total x	0.96	0.10		440	u10	9⅞	9⅞	−⅛

Price data supplied by Telekurs

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices August 13

NASDAQ NATIONAL MARKET

3:00 pm prices August 13

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		38	1287	28¾	28	28¼	+⅛
XL Data		38	1998	12⅛	11⅞	12	
Xoma Corp		10	2745	19¾	18¾	19½	+1
Yellow Fr x	0.94	16	1125	30½	30	30⅜	+¼
York Rsch		6	632	7	6½	6⅝	−⅛
ZionsUtah	1.44	10	67	u48	46	46	+2

AMERICA

Dow follows bonds higher as Nasdaq hits record

Wall Street

THE STOCK market broke out of its four-day slump on heavy buying yesterday morning, on the heels of firmer bond prices, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 27.73 at 3,029.07, near to its *all-time closing high of 3,035.33.* The more broadly based Standard & Poor's 500 was also firmer, up 3.81 at 391.83. Continued demand for technology stocks lifted the Nasdaq composite of over-the-counter stocks by 4.25 to 514.25, well past its record high of 511.31 set in April. Volume on the NYSE was a heavy 130m shares by 1 pm.

The day's only economic news was greeted with mixed feelings. The Commerce Department reported that July retail sales rose by 0.5 per cent, a figure slightly above analysts' expectations. Although the data suggested that consumer spending was bouncing back from the recession, financial markets still believed that the Federal Reserve would cut interest rates soon to boost economic activity further. *Expectations of lower rates lay* behind the strength of bond prices yesterday, which in turn boosted sentiment among equity investors.

Bank stocks remained in the limelight, following Monday's announcement of a billion-dollar merger between California's BankAmerica and Security Pacific. The former rose another $2⅝ to $42⅝ on volume of 3.3m shares, while the latter put on $2¾ to $35⅝ on *5.6m shares.*

Two other banks mentioned as possible targets for consolidation were First Interstate, up $2⅝ at $35⅝, and Wells Fargo, $1⅝ higher at $76⅛. Among smaller regional banks, First Bank System, the Ohio-based group, firmed $1⅛ to $22⅞; the Virginia-based Signet Banking rose $1⅞ to $24¼; and Keycorp, a group with a presence in eight northern US states, climbed $⅝ to $39¼.

J.C. Penney rose $2⅛ to $53⅝ in spite of announcing a 63 per cent decline in second quarter earnings to $31m; the figure was at the high end of market expectations.

Among over-the-counter technology stocks, *Proteon,* which has risen sharply since the beginning of the month on brokers' recommendations, fell $⅞ to $15⅛ after an analyst at *Montgomery Securities said he* thought that Intel was planning to compete with Proteon. Intel rose $1¼ to $50¼.

Coventry Corp plummeted $7 to $10⅞ in busy trading on news of poor second quarter earnings and a warning from the company that analysts should cut their 1991 full-year estimates. Failure Group slipped $3⅝ to $11¼ after the company projected first quarter income significantly lower *than the 16 cents a share it* earned in the previous quarter.

USF&G fell $⅝ to $6¼ after Merrill Lynch cut its earnings estimates for the insurer and lowered its investment rating on the stock to a "high-risk sell".

Canada

TORONTO stocks soared at midday on talk that the Federal Reserve would cut its discount rate in conjunction with a rise in German interest rates, expected on Thursday. The composite index rose 24.7 to 3,520.0, on volume of 8.6m shares. Advances narrowly led declines by 178 to 175.

Banks and selected blue chips made the biggest gains. Toronto-Dominion rose C$½ to C$18⅞ and Northern Telecom added C$1¼ to C$43⅞. *Imperial Oil class A shares jumped* C$⅞ to C$52½.

Switch out of property lifts South Korea

Jacqueline Moore reviews the performance of the world's emerging markets in July

EMERGING markets made a mixed start to the second half of the year. There were a few good performances last month, dotted all over the globe.

South Korea, Pakistan and Chile did best, achieving rises in dollar terms of between 11 and 21 per cent in July, according to figures from the International Finance Corporation, part of the World Bank.

The Korean advance came *from a low base.* Mr Richard Katz of Baring Securities explains that the market had fallen to a year's low by late June, when fears of inflation prompted speculators to pull out of equities and play the property market. Since then, however, inflation and property prices have eased, and company profits and export figures have been encouraging, lifting the market to a year's high in early August.

Although the market has run into profit-taking this month, Mr Katz forecasts that Seoul will end the year higher rather than lower. The authorities will not want foreign investors to be able to pick up stock too cheaply when the market is opened to them in 1992.

Pakistan was the second-best performer in July. Since it removed the obstacles to foreign investment in equities early this year, it has become a subject of close international study.

Mr Bryan Sudweeks of Emerging Markets Investors Corporation, a Washington-based fund management company, has already reached a conclusion. "It is a good place to get into," he says. His company, which invests funds worth $600m in emerging markets, is currently setting up the mechanisms by which it can invest in Pakistan.

Mr Sudweeks's enthusiasm stems from his belief that gross domestic product will grow by more than the officially projected 5 per cent, and that agriculture production will rise. On the negative side, the current account deficit is increasing, inflation is high, and the country suffered heavy losses during the Gulf crisis.

In the long term, Mr Sudweeks expects foreign portfolio investors to benefit from Pakistan. "It boils down to an economy changing from being state-directed to a market economy," he says.

Chile, July's other big winner, managed to overtake Argentina as the second-best performer of the year in dollar terms, after Brazil. The Chilean rally was fuelled by the pension funds, which increased their weightings in equities from 18 per cent to 20 per cent, says Latin American Securities in London.

The banking sector was also strong – with gains of 20 and 40 per cent in the last week of July – on hopes that pension funds would be allowed to invest in bank stocks.

Chile has risen further this month, although Latin American Securities says it now looks fairly expensive.

July's losers included Turkey, the year's worst performer, which has suffered from a flight of funds into bonds and foreign currency, and Taiwan, where the licensing of 15 new banks has drained funds out of equities.

IFC EMERGING MARKETS PRICE INDICES

Market	No. of stocks	July 31 1991	% Change over month (Dollar terms)	% Change on Dec '90 (Dollar terms)	July 31 1991	% Change over month (Local currency terms)	% Change on Dec '90 (Local currency terms)
Latin America							
Argentina	(29)	465.36	+2.6	+78.4	25,726,279	+2.5	+213.9
Brazil	(67)	108.36	+8.4	+159.9	11,514,424	+20.4	+460.5
Chile	(35)	1,510.02	+11.3	+86.2	4,061.16	+11.4	+92.5
Colombia	(20)	311.26	−0.7	+5.7	1,745.90	+1.0	+29.2
Mexico	(56)	1,241.73	+8.8	+71.4	19,488.40	+9.4	+76.4
Venezuela	(16)	444.05	−2.9	−11.8	3,478.97	+4.3	+4.2
East Asia							
Korea	(77)	349.83	+20.9	+2.1	309.52	+22.1	+4.5
Philippines	(30)	1,332.86	−3.1	+45.4	1,611.09	−3.8	+43.5
Taiwan, China	(70)	689.24	−10.5	+7.7	464.58	−11.2	+7.6
South Asia							
India	(60)	243.64	+3.2	+2.9	504.35	+25.8	+46.0
Indonesia§	(66)	79.52	−1.9	−18.4	86.52	−1.6	−15.6
Malaysia	(62)	150.78	−2.2	+14.3	173.26	−2.2	+18.0
Pakistan	(54)	167.20	+17.6	+36.0	267.02	+19.5	+53.7
Thailand	(43)	303.42	−5.3	+2.8	287.03	−5.6	+4.3
Europe/Middle East							
Greece	(32)	429.85	+2.6	−19.1	642.45	−0.7	−2.6
Jordan	(25)	89.84	−4.8	−1.0	163.48	−2.8	+5.9
Portugal†	(30)	430.40	+5.7	−1.2	412.83	+0.0	+7.7
Turkey‡	(25)	80.86	−14.3	−55.3	464.27	−12.5	−32.9

Source: International Finance Corporation. Base date: Dec 31, 1984. §Dec 1989=100. †Jan 1986=100. ‡Dec 1986=100.

EUROPE

Carmakers take the lead in optimistic trading

BOURSES rose yesterday on *optimism that the long wait for* a rise in German interest rates would soon be over, *writes Our Markets Staff.*

FRANKFURT closed at its highest level in just under a month on foreign-led buying. Dealers said there opinion was overwhelming that the Bundesbank would raise interest rates tomorrow, a move discounted by the market and seen as the Bundesbank's final tightening in monetary policy. They cautioned that it would be negative for share prices if the Bundesbank decided not to raise interest rates this week.

The DAX index closed 18.68 *higher at 1,644.72, its best close* since 1,646.57 on July 15. The FAZ index, calculated at mid-session, rose 4.94 to 680.83. Volume rose to DM5.03bn from DM3.02bn.

The most active stock was Daimler-Benz which gained DM9 to DM751 on heavy volume of 906,078 shares.

The stock was driven higher by a bullish report from Enskilda, forecasting a jump in earnings per share (EPS) to DM60 in 1992 from DM48 in 1991. The broker cited the launch of Daimler's new "S" class cars and the dollar's recovery. Similar arguments *were presented in a buy note* at the end of July from Kleinwort Benson, which forecast 1992 EPS of DM55.

The banking sector was also strong, with Deutsche Bank rising DM5.90 to DM658, although dealers noted that attention was moving from financials to the steel sector. Thyssen gained DM4.80 to DM230.50.

Schmalbach-Lubeca, controlled by *the utility, Viag, fell* DM3 to DM545 on news of a one-for-four rights issue to finance a US acquisition. Dealers said the new shares were likely to be priced at DM450.

PARIS was hopeful that the Bundesbank would act on interest rates tomorrow, so removing the uncertainty hanging over the bourse. The CAC 40 index advanced throughout the day to close at 1,808.84, up 28.46 or 1.6 per cent. Turnover was good for a holiday week at FFr1.85bn, up from FFr1.13bn.

Peugeot jumped FFr27 or 4.6 per cent to FFr613 on heavy *volume of 311,200 shares after* Monday's news of better-than-expected, first-half sales. The car company also forecast an improvement in the second half, thanks to sales of its new Citroën ZX and next month's launch of a Peugeot model.

Lafarge Coppée, the building materials group, regained FFr10 or 3 per cent to FFr346 after its recent weakness, and UAP, the insurer, was up FFr15 or 2.9 per cent at FFr538.

MADRID had anticipated the 2.1 per cent month-on-month rise in July inflation, so the general index ended little changed at 270.91, up 0.80. *Turnover was close to Monday's light Pta7bn.*

In the bank sector, BBV gained Pta50 to Pta3,200 and Popular rose Pta50 to Pta11,500. Two banks mentioned as possible merger partners for Popular, Banesto and Santander, each eased Pta30, to Pta3,725 and Pta5,130 respectively.

AMSTERDAM followed Frankfurt higher in thin trading. The CBS tendency index *rose 0.3 to 92.2.*

Hoogovens, the steel company, added Fl 1 to Fl 60.80 before its first-half results today. Music company PolyGram rose 50 cents to Fl 36.20 on better-than-expected, first-half income. Its parent, Philips, gained 20 cents to Fl 34.

OSLO was led higher by shipping and blue-chip industrials. The all-share index rose 5.30 to 517.15 in heavy turnover of NKr396m.

The shipping index rose 7.48 to 658.04, with turnover in two stocks – Ganger Rolf, up NKr4 at NKr205, and Bonheur, also NKr4 higher at NKr206 – *reaching NKr77m.*

STOCKHOLM was lifted by gains in other bourses. The Affärsvärlden General index added 5.60 to 1,098.50 in thin turnover of SKr262m.

Free B shares in Procordia, the food and drug company, rose another SKr3 to SKr208, on expectations that the government could sell its stake after the elections next month.

BRUSSELS eased in quiet trading. The Bel20 index lost 1.92 to 1,140.61 in turnover of BFr375m. Electrorail, the small holding company suspended last week, plunged BFr325 or 13.6 per cent on volume of *37,000 shares, after it con*firmed that Tonton Tapis, its carpet affiliate, was in trouble.

MILAN eased before today's close of the August account. The Comit index fell 1.84 to 562.82 in volume estimated at less than Monday's L71bn.

ISTANBUL's early rally ran into profit-taking after Monday's 9.2 per cent jump. The index fell 10.35 to 3,611.20.

FT-SE Eurotrack 100 - Aug 13

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1111.32	1111.16	1112.44	1112.61	1112.87	1113.37	1113.53	1113.47

Day's High 1114.25 Day's Low 1111.00

Aug 12	Aug 9	Aug 8	Aug 7	Aug 6
1107.42	1110.85	1111.44	1113.11	1105.49

Base value 1000 (26/10/90)

SOUTH AFRICA

GOLD SHARES followed bullion prices lower, but industrials rose on persistent demand for quality issues. The Johannesburg all-gold index fell 22 to 1,265, as the industrial index advanced to a new peak of 4,142, up 22.

ASIA PACIFIC

Nikkei jolted by reports of loan fraud arrests

Tokyo

SHARE PRICES fell for the fourth consecutive day yesterday, *jolted by news of a loan* fraud scandal at an Osaka credit union, *writes Neil Weinberg in Tokyo.*

The Nikkei average ended 113.67 down at 22,872.00. The day's high was 23,113.97 and the low 22,843.73.

Trading continued at a sluggish pace, with about 180m shares changing hands. Cross-trading among the Big Four securities houses for their own and clients' accounts continued to dominate trading, as tokkin funds unwound positions, dealers said.

Declines led advances by 680 to 200, with 178 issues unchanged. The Topix index of all first section companies fell 9.32 to 1,766.85 and the second section index lost 34.35 to 2,939.26. In London, however, the ISE/Nikkei 50 index gained 3.32 to 1,355.00.

The market began lower, under pressure from arbitrage-linked selling and weakness overnight in Chicago futures. But it staged a rebound, on support from the bond market, to end the morning above 23,000 on the Nikkei index. Prices fell sharply early in the afternoon on reports that a former Toyo Shinkin Bank branch manager and a large stock market investor had been arrested, charged with falsifying deposit certificates to obtain loans.

The arrest of Ms Nui Onoue, an Osaka restaurant owner, triggered a rout in the share prices of companies in which she holds large stakes. This scandal could affect 10 to 15 companies in which Ms Onoue is a big shareholder, said Ms Betty Wu of the equity sales *department at SBCI Securities.* Furthermore, the scandal compounded worries about record-high margin buying positions.

Chugai Ro plunged by the Y100 daily limit to Y795. Sanwa Bank, Toyo Shinkin's commercial clearing bank, shed Y20 to Y2,240. Industrial Bank of Japan Y40 to Y3,440. Dai-ichi Kango Bank Y30 to Y2,290, Fuji Bank Y20 to Y2,580, Kawasaki Heavy Y11 to Y485 and Obayashi Y12 to Y953.

Nintendo continued to decline. Investors were discouraged by its weakness since its minimum trading lot was cut to 100 shares. The stock ended Y400 lower at Y10,900.

Toyota set a year's low for the second consecutive day, following news of a drop in pre-tax profits. The leading auto maker lost Y20 to Y1,580.

In Osaka, the OSE index fell 495.92 to 24,712.73. Seiren weakened Y70 to Y2,180.

Roundup

YET another stock market scandal in Japan depressed the Pacific Rim yesterday.

SINGAPORE was disappointed by an 18 per cent fall in interim profits at Overseas Union Bank, which dropped 31 cents or 6 per cent to S$4.84. The Straits Times Industrial index declined 15.87 or 1.1 per cent to 1,424.21 as turnover rose to S$88m from S$72m.

KUALA LUMPUR was supported by Telekom Malaysia, which rose 30 cents to M$10.50. The composite index ended 1.47 higher at 559.57, although the industrial index dipped 6.65 to 1,049.49. Turnover eased to M$74m from M$76m.

SEOUL, after two days of declines, steadied on reports that the Stock Market Stabilisation Fund would support the market if the index fell below 700. The composite index closed at 709.67, up 3.61, in turnover of Won391bn, against Monday's Won394bn.

MANILA dropped on rumours that the only son of the late President Ferdinand Marcos had slipped back into the Philippines. The composite index closed 22.91 or 2.4 per cent lower at 945.95 in turnover of 85.5m pesos, after 58.4m.

TAIWAN was higher initially on a government report which said the economy is expected to expand by 7 per cent this year. The weighted index rose to 5,230 but later fell to end a net 53.23 weaker at 5,104.43. Turnover increased to T$34bn from T$29bn.

NEW ZEALAND was held back by firm domestic interest rates, in spite of signs of a narrowing inflation rate. The NZSE-40 index fell 20.37 or 1.4 per cent to 1,416.82. Turnover rose to NZ$36m from NZ$26m, boosted by heavy trading in Carter Holt Harvey rights. Carter old shares shed 4 cents to NZ$1.62.

AUSTRALIA's All Ordinaries index fell 11.8 to 1,553.9 in turnover of A$209m (A$269m). News Corp shed 16 cents to A$9.20 as the Stock Exchange launched an inquiry into the stock's recent rally. It had risen to A$9.86 by August 12 from A$8.14 on August 6.

HONG KONG's turnover contracted to HK$931m from HK$1.34bn, its first dip below HK$1bn since late June. The Hang Seng index retreated 17.44 to 4,052.70.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	MONDAY AUGUST 12 1991 — US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY AUGUST 9 1991 — US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX — 1991 High	1991 Low	Year ago (approx)
Australia (69)	148.62	−1.3	129.77	128.23	133.29	126.13	−1.3	5.10	150.59	131.64	130.22	135.25	127.83	151.58	112.74	147.26
Austria (20)	172.00	−1.4	150.18	148.41	154.25	154.90	−0.3	1.83	174.48	152.53	150.89	156.71	155.38	222.37	167.00	246.04
Belgium (47)	130.58	−0.7	114.02	112.66	117.11	114.96	−0.3	5.15	131.51	114.96	113.71	118.11	115.29	151.20	121.73	147.09
Canada (114)	138.18	−0.3	120.65	119.22	123.92	114.72	−0.3	3.30	138.57	121.13	119.82	124.44	115.04	142.27	126.49	138.16
Denmark (37)	255.98	−0.2	223.51	220.87	229.57	232.65	−0.3	1.52	256.60	224.31	221.90	230.46	233.31	270.56	217.74	268.83
Finland (16)	100.43	−0.1	87.69	86.66	90.07	88.56	+0.6	2.72	100.58	87.92	86.98	90.33	88.03	125.15	90.00	135.38
France (109)	132.15	−0.2	115.38	114.02	118.50	121.63	−0.3	3.65	132.39	115.73	114.48	118.90	122.01	152.26	120.60	144.38
Germany (65)	108.43	−0.1	94.68	93.57	97.24	97.24	−0.3	2.31	108.55	94.89	93.88	97.49	97.49	125.35	102.03	129.99
Hong Kong (55)	169.23	+1.0	147.76	146.02	151.78	168.79	+1.1	4.73	167.55	146.47	144.89	150.49	166.97	169.57	119.62	124.97
Ireland (18)	153.24	+0.2	133.80	132.22	137.43	139.28	+0.0	3.59	152.93	133.69	132.24	137.35	139.25	182.46	132.88	172.31
Italy (77)	74.02	−0.4	64.63	63.86	66.38	71.42	−0.6	3.27	74.34	64.99	64.28	66.76	71.81	88.23	69.89	97.06
Japan (474)	127.69	−1.3	111.49	110.17	114.53	110.17	−1.5	0.77	129.37	113.09	111.87	116.21	111.87	145.97	118.35	125.64
Malaysia (68)	211.06	−1.6	184.29	182.11	189.28	225.66	−1.4	2.94	214.50	187.51	185.48	192.64	228.92	247.78	192.83	218.65
Mexico (16)	1100.83	+1.8	961.18	949.84	987.25	3629.42	+0.5	1.50	1081.43	945.36	935.15	971.26	3612.18	1152.58	534.45	564.99
Netherland (31)	138.82	−0.1	121.21	119.78	124.50	123.20	−0.2	4.35	138.93	121.45	120.14	124.78	123.48	145.73	125.70	139.89
New Zealand (14)	46.94	−1.2	40.98	40.50	42.10	43.57	−1.3	6.98	47.53	41.55	41.10	42.69	44.15	54.64	41.18	62.95
Norway (32)	201.19	−0.7	175.67	173.60	180.44	184.46	−0.6	1.59	202.53	177.05	175.14	181.90	185.58	223.24	182.24	259.88
Singapore (38)	194.29	−1.9	169.64	167.64	174.24	154.18	−1.8	2.23	198.08	173.15	171.29	177.89	157.05	208.25	151.63	175.60
South Africa (61)	244.25	−2.1	213.26	210.74	219.04	175.61	+0.6	3.09	249.61	218.20	215.84	224.17	174.60	258.85	173.00	199.06
Spain (54)	149.61	+0.0	130.63	129.10	134.18	122.47	+0.0	4.38	149.55	130.73	129.32	134.31	122.42	171.12	131.51	159.59
Sweden (25)	188.60	−0.3	164.68	162.74	169.15	175.27	−0.3	2.53	189.23	165.42	163.64	169.96	175.72	204.12	146.60	212.90
Switzerland (58)	93.63	−0.1	81.75	80.79	83.98	87.65	−0.4	2.20	93.75	81.95	81.07	84.21	87.97	100.67	82.17	98.57
United Kingdom (240)	174.28	+0.0	152.17	150.36	156.29	152.17	−0.1	4.82	174.20	152.28	150.63	156.44	152.28	187.44	158.27	168.41
USA (527)	157.52	+0.2	137.54	135.92	141.27	157.52	+0.2	3.08	157.15	137.38	135.90	141.15	157.15	158.31	125.95	136.59
Europe (829)	137.78	−0.1	120.30	118.88	123.57	122.53	−0.2	3.89	137.91	120.56	119.26	123.87	122.77	151.52	125.50	146.16
Nordic (110)	187.05	−0.3	163.32	161.39	167.75	165.28	−0.3	1.97	187.66	164.05	162.28	168.55	165.74	200.81	155.55	210.35
Pacific Basin (718)	129.30	−1.2	112.90	111.57	115.96	112.08	−1.4	1.13	130.91	114.44	113.21	117.56	113.70	145.92	117.86	126.36
Euro – Pacific (1547)	132.99	−0.8	116.12	114.74	119.26	117.01	−0.9	2.26	134.02	117.16	115.88	120.36	118.09	147.68	121.29	134.77
North America (641)	156.25	+0.2	136.43	134.83	140.15	154.63	+0.2	3.09	155.93	136.31	134.85	140.07	154.31	157.08	125.91	136.59
Europe Ex. UK (589)	116.05	−0.2	101.33	100.16	104.10	105.46	−0.3	3.19	116.29	101.66	100.58	104.46	105.76	129.80	106.85	131.89
Pacific Ex. Japan (244)	145.29	−0.6	126.86	125.39	130.32	129.26	−0.6	4.36	146.20	127.81	126.45	131.32	130.01	147.80	111.40	134.18
World Ex. US (1738)	134.91	−0.8	117.79	116.41	120.99	118.44	−0.9	2.31	135.95	118.84	117.57	122.10	119.46	148.16	122.32	135.76
World Ex. UK (2025)	138.40	−0.4	120.84	119.42	124.13	128.50	−0.5	2.34	139.01	121.52	120.22	124.86	129.14	145.77	120.06	131.71
World Ex. So. Af. (2204)	140.85	−0.4	122.98	121.54	126.32	130.34	−0.5	2.59	141.37	123.58	122.26	126.98	130.95	148.65	122.92	134.58
World Ex Japan (1791)	150.20	+0.0	131.15	129.61	134.72	142.06	+0.0	3.43	150.17	131.27	129.87	134.89	142.01	152.83	126.69	141.16
The World Index (2265)	141.52	−0.4	123.57	122.12	126.93	130.74	−0.5	2.60	142.08	124.20	122.87	127.62	131.33	149.01	123.28	134.97

Latest prices were unavailable for this edition.